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ECONOMIC COMMISSION FOR LATIN AMERICA
AND THE CARIBBEAN

ECONOMIC PANORAMA OF LATIN AMERICA 1992

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BRAZIL
COLOMBIA
CHILE
ECUADOR
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URUGUAY
VENEZUELA

UNITED NATIONS

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United Nations

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Notes and explanation of symbols

The following symbols have been used in the tables:

Three dots (...) indicate that data are not available or are not separately reported.
A dash (–) indicates that the amount is nil or negligible.
A blank space in a table means that the item in question is not applicable.
A minus sign (-) indicates a deficit or decrease, unless otherwise indicated.
A full stop (.) is used to indicate decimals.
A slash (/) indicates a crop year or fiscal year, e.g., 1969/1979.
Use of a hyphen (-) between years, e.g., 1960-1970, signifies an annual average for the calendar years involved, including the beginning and the end years.
References to "tons" mean metric tons, and to "dollars" United States dollars, unless otherwise stated.
Unless otherwise stated, references to annual growth rates of variation mean cumulative annual rates.
Figures and percentages in tables may not necessarily add up to the corresponding totals, because of rounding.

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LATIN AMERICA

As the year reached its midway point, most of the Latin American countries were in the process of recovering from the protracted crisis of the 1980s and the traumatic adjustments they had to make in order to pull themselves out of that crisis. The spreading trend towards price stability, the growing number of countries whose public sector is operating at a surplus or very small deficit, and the revival of economic activity and private investment all point in this direction. However, the countries' economic reactivation is still very weak, the stability of their macroeconomic balances is still quite delicate, and their investment rates are still too low. Furthermore, in the last few months it has become clear that if the region is to continue along its path to recovery coupled with stability, economic policy-makers will face a number of serious dilemmas.

A particularly striking feature of this recovery is that it is taking place within an external context marked by the prolonged sluggishness in the industrial countries. The most important aspects of this slump, in terms of their relevance for the region, are the faltering recovery of the United States, the slowdown in world trade and the continued drop in the prices of the commodities which Latin America exports. All this is having a dampening effect on Latin America's export sector and is opening up a widening deficit –although major differences are to be found from one country to another– on the current account of the balance of payments. So far, however, this deficit has been easily covered by a mounting inflow of net capital income.

The most important event to occur on the world scene that has worked to the benefit of the countries of the region has been the drop in international interest rates for dollar-denominated transactions in response to the downward pressure exerted by sizeable reductions in the United States' and Japan's short-term rates. The widening differential between the real interest rates to be had in Latin American markets and those available in the United States, opportunities for making large profits out of the economic recovery and the privatizations taking place, and the signals of stability and of the durabilities of current economic policy did indeed prompt an increasing flow of non-debt-related private capital into the region in 1991; this trend continued during the first half of 1992, but has recently been showing signs of waning.

This ushered in an element whose absence had made it impossible to achieve a stable, expansionary adjustment in the 1980s: external financing. Its appearance on the scene was more a result of accident –in the form of a drop in interest rates on major international financial markets– than of the deliberate international strategy for dealing with the debt overhang. It is none the less true, however, that the Brady Plan agreements have helped to consolidate economic agents' confidence in the direction being taken by economic policy and in the signatory Governments' commitment to continuing their adjustment efforts.

However, if the countries' present difficulties in expanding their exports persist and even if newly-come capital holds steady, the only way to close the external gap without undertaking a major currency adjustment that would jeopardize price stability is to check both the economy's expansion and investment so as to curb the rise of imports.

The level of economic activity continues to rise, but sluggishly

Indicators for the first half of the year and recent events give reason to believe that the regional GDP will expand at the same pace as the year before (3.2%), and the majority of the region's economies will probably record rates near that average. Only a few will have higher growth

rates (rates of over 7% for Chile and about 6% for Panama and Argentina are expected), and only Peru appears likely to see a drop in its level of activity.

The apparent evenness of this growth trend encompasses countries in very different phases of their economic cycles. In Chile and El Salvador, the pace of growth is speeding up; Colombia and Costa Rica (with rates of almost 3%) are resuming their earlier growth rates after a hiatus in 1991; and Uruguay, with a similar rate, will be picking up its previously slow rate of growth. Other countries –such as Bolivia, Ecuador, Nicaragua, Mexico, Paraguay and Venezuela– are also expanding their economies at rates of between 2% and 4% but are on a decelaration phase. In contrast, Argentina, Guatemala and Panama are in the midst of what is unquestionably a strong recovery from the recessions in which they had been immersed. Honduras and the Dominican Republic, however, are just beginning their reactivation processes. On the other hand, Brazil has been experiencing a shaky upturn in the midst of a recession that has lasted since 1988. Finally, the further decline in Peru's GDP has carried its deep recession into its fifth year.

Price stability spreads and strengthens

For most of the Latin American countries, 1992 will be the second year of declining inflation rates following what were, in many cases, substantial increases or record highs in 1989-1990. Thus, after having stood at about 1,200% during those two years and then falling to an annual rate of under 200% in 1991, the average weighted increase in the region's consumer prices is expected to climb to no more than 320%, and would have been even less if it were not for the surge in inflation seen in Brazil. In fact, the average for the rest of the region, excluding Brazil, which had been 960% in 1990, fell to 49% in 1991 and to an annual rate of just 23% for the first seven months of 1992.

The relative stability attained by chronically high-inflation countries, which had experienced episodes of hyperinflation in the recent past, was particularly notable in this respect. In Argentina, where the monthly variation in consumer prices is holding at just a bit over 1% following a sharpening of inflation at the start of the year, the 12-month rate has dropped to 19%. Nicaragua's monthly rates are low too, averaging 1.3% in the first seven months of the year. In Peru, the monthly inflation rate –which in the year leading up to April had averaged 6%– slid to 3.3% per month in the past five months, thereby lowering the annual rate to 62% in August. Meanwhile, the steady decrease in Uruguay's rate of inflation has lowered it to an annual level of 67% (a monthly rate of 4.3%).

Many moderate-inflation countries have also continued to see a drop in the growth rate of consumer prices. Chile has brought its 12-month inflation rate down from nearly 19% as of December 1991 to 14% as of last August. Mexico's rate dropped from 19% in December to 16% in July and continues downward. Bolivia's decrease has been from nearly 15% to 12% in July, while El Salvador's was from 9% to 7% as of June. Costa Rica has seen a gradual, fluctuating decline from over 25% as of December 1991 to under 22% as of last July.

In Brazil, on the other hand, inertial price formation and a high level of liquidity have thus far prevented monetary policy alone from bringing down inflation, which in the last four months has hovered around 22% per month.

Other countries have run into various sorts of problems which are forestalling a further decrease in their rates of inflation. Colombia experienced a resurgence of inflationary pressures in the early months of the year which kept the monthly rate at over 2% until it finally declined in August; as a result, the 12-month rate of prices increases amounted to 28%. In Venezuela, inflation edged upward from an annual level of 31% in December 1991 to 33% in August.

Paraguay, for its part, was hit by an upsurge that boosted the annual rate from 12% in December to 15% as of last June. At an annual rate of around 50%, Ecuador's price increases remained in the neighbourhood of the rates recorded for the two preceding years; faced with this situation, the incoming administration has announced a harsh anti-inflation programme.

Three factors at work in a large part of the region have contributed to the progress of many countries' stabilization policies. First, the determined efforts made to reduce public- sector financial imbalances have dampened inflationary pressures and, in so far as these reductions have been achieved by making structural changes in the countries' fiscal systems, this has helped to consolidate the underpinnings of their stabilization processes. Second, the increased supply of foreign exchange generated by capital inflows has pushed down exchange rates, whose stability serves as an anchor for domestic prices. Third, in conjunction with low tariffs, an abundant supply of foreign exchange and low exchange rates stimulate imports, which helps to hold some domestic prices in check. Taken as a whole, the region's greater fiscal discipline, the confidence implicit in the existence of external capital inflows and the stability of its exchange rates have, in most cases, had a healthy, soothing effect on inflationary expectations, which has in turn contributed to price stability. On the other hand, a portion of the considerable inflow of private, non-debt-related external capital has been used to increase reserves, and this has boosted the money supply, thereby making it more difficult to pursue an anti-inflationary goals through monetary policy; in turn, in many cases this has prompted policy-makers to rely even more heavily on tax effort and domestic interest rates.

Seeking fiscal equilibrium

The severe fiscal adjustments undertaken by the countries over the past three years have substantially reduced their public sectors' financial requirements and, in some cases, have even resulted in fiscal surpluses. In 1992, most of the countries in the region are continuing to manage fiscal policy in a way designed to combat inflation while, at the same time, they seek to bring about the structural consolidation of the fiscal equilibrium they have achieved.

The economies that have restructured their public finances more recently are more vulnerable in terms of budget management than are those in which this was done earlier. In many cases, cash flows have been balanced through extremely deep spending cuts (in both consumption and investment expenditure) and even the deferral of payments. Countries have also resorted to privatizing State companies in order to obtain the funds they need to quickly –although only temporarily– cover the Treasury's financial deficit. Regularizing the service on the countries' external public debt has constituted an additional burden, however, in cases where arrears had accumulated. On the other hand, many countries have seen significant increases in their tax receipts thanks to the reactivation of their economies, greater price stability, efforts to improve administrative efficiency and the levying of new taxes.

Thus, in the first half of 1992 Chile and Mexico built up their public-sector surpluses, while Brazil's federal government cut back sharply on expenditure in response to a decrease in its revenues, and managed to generate a surplus as a result. Uruguay's consolidated public sector (including its central bank) maintained a financial equilibrium, and the Argentine Treasury appears to have achieved a virtual balance. Peru's fairly small Treasury deficit was largely unchanged. Colombia, on the other hand, appears to have run up a deficit, whereas last year its fiscal accounts were balanced. The fiscal situation in Ecuador and, in particular, Venezuela also deteriorated during this period (Venezuela's fiscal revenues were hurt by the drop in oil prices), and their deficits are expected to amount to several percentage points of their respective GDPs.

Inflows of non-debt-related private capital

The net capital inflow received by Latin America during the first six months of 1992 amounted to far more than one-half the amount received during the whole of 1991, when it totaled US$40 billion. In the past few months, however, a considerable decrease in these inflows has been observed, and this has been reflected in various countries' international reserves.

As was also true the year before, when capital inflows to Mexico represented over one-half the regional total and the net inflows of Argentina, Chile and Peru accounted for almost another one-fourth of that total, thus far in 1992 this group of countries has received the bulk of the region's capital inflows. Unlike 1991, however, another one-sixth of the regional total corresponds to Brazil's net capital inflow.

In addition to economic agents' greater degree of confidence in the macroeconomic stability of a growing number of Latin American and Caribbean countries and in the direction and continuity of their economic policy, this inflow of non-debt-related private capital is the result of a number of different factors of varying degrees of permanence: first, the differentials between the real interest rates on deposits available in the United States market and those offered in Latin America, especially in countries with stable currencies; second, the capital gains and monopolistic rents to be garnered from the privatization of State companies; and third, the opportunities for reaping huge returns or capital gains by trading the stock of private firms experiencing what appear to be transitory difficulties. With less speculative motives, capital has also been attracted to the region by profitable investment opportunities in production activities having a long-term development potential.

In the first half of 1992 important factors –in addition to voluminous financial placements and the expansion of short-term credit– included the international bond sales made by Brazil, Mexico and Argentina; the latter two countries' revenues from privatizations; and investments in all three of these countries' stock markets, which were extraordinarily bullish during the early months of the year, although they later gave in to profit-taking. Direct investment has also risen to significant levels, particularly in Brazil, Chile and Mexico (in the last case, in anticipation of the conclusion of the North American Free Trade Agreement by Canada, Mexico and the United States).

This "return" of external capital to the region starting, as noted earlier, in 1991 is markedly different from the lending spree of the late 1970s and early 1980s, since the funds now flowing into the region are risk capital and short-term placements of widely varying degrees of volatility and rates of return, and the recipients are, for the most part, members of the private sector. The limited role played by the countries' public sectors in attracting fresh external financing, on the other hand, is confined to bond sales and the cash income obtained from the privatization of State holdings.

As this process proceeds, the continuation of significant flows of private capital is becoming more and more a function of opportunities for productive investment and interest rate differentials and less and less dependent upon the existence of opportunities for realizing the sorts of windfall profits made possible by the decrease in the value of public and private assets during the crisis.

The trade surplus fades

After nine years of hefty surpluses, in 1992 Latin America's merchandise trade balance may turn out to be quite small. If this does occur, it will be the outcome of a considerable increase in Mexico's trade deficit and the erosion of Argentina's, Colombia's and Venezuela's surpluses,

which would be only partially offset by the sizeable increase expected in Brazil's surplus. This would mark the end of the region's trade surplus, which stood at nearly US$30 billion in 1989-1990 but fell to less than US$10 billion in 1991.

The region's exports are expected to continue to rise in value, although by a moderate amount (5%), even though the value of the oil-exporting countries' external sales will probably continue declining as a result of a decrease in both the prices and volume of hydrocarbon exports. This increase will thus be the work of the non-oil-exporting countries, whose exports are projected to grow by nearly 12% thanks to larger external sales by Argentina, Brazil, Chile and Uruguay. This export growth will be the result of a considerable expansion of export volumes, since most commodity prices have been falling, although wheat prices showed a significant recovery and wool prices, too, were up.

Imports, on the other hand, have continued to rise swiftly in almost all the countries. In 1992, the rate of increase may equal the 1991 rate of around 18% (thereby raising the value of imports to US$130 billion) so long as the capital inflow that helps finance such purchases is not cut off. The evenness of this upward trend is evidenced by the fact that oil-exporting and non-oil-exporting countries are expected to register quite similar rates of expansion. The conspicuous exception to the above is Brazil, whose imports are likely to remain at about the same level as the year before. The largest contributors to the increase in the value of the region's imports are Mexico and Argentina and, to a lesser extent, Venezuela, Chile and Peru.

The observation that countries which are going through different phases of their macroeconomic evolution are recording similarly large increases in their imports highlights the decisive role played by capital inflows and by the gradual erosion of real exchange rates at a time when tariff and quasi-tariff barriers are being speedily dismantled. At the same time, the fact that this import boom is, in many cases, coinciding with an upturn in investment underscores just how much non-debt-related private capital inflows facilitate the recapitalization process in the countries of the region. However, the role being played in this import boom by capital goods is comparable to that of consumer goods in only a few cases (such as Chile and Mexico). In other cases (e.g., Argentina and Peru), imports of consumer goods are rising faster. On the other hand, purchases of intermediate goods –which account for the bulk of total imports– are expanding more slowly than those of consumer and capital goods in almost all the countries, although their rates of increase are far higher than the growth rate of economic activity.

Net flows of profits and interest payments will diminish for the third year running; in 1992, the decrease is projected to be over US$5 billion, which would lower the net outflow of such payments to around US$25 billion. The chief reason for this decrease is the drop in international interest rates. None the less, the region's worsening trade balance will probably lead to a further increase in the deficit on its balance-of-payments current account, which could be as high as US$30 billion.

Dilemmas facing economic policy-makers

The capital flows which have been buttressing the recovery or growth, within a framework of stability, of many economies in the region for the past two years include components of varying degrees of potential volatility. Given the uncertainty characterizing today's world economic environment, however, the region is unlikely to see a reactivation of demand or widespread improvements in commodity prices any time soon.

A deterioration of the situation on either of these two fronts of the Latin American economies' external sector would entail a worrisome reduction in their import capacity at a

time when the demand for imports is being pushed sharply upward by the reactivation, investment, trade liberalization processes and favourable exchange rates.

The alternative of substituting medium- and long-term external credit for non-debt-related capital inflows is a very restricted option even for those countries that have regained access to bond or financial markets. On the other hand, there are very few tools to which they could resort if it were to become necessary to slow or curtail import growth. Under current trade liberalization programmes, their only choices would be either to permit the exchange rate to rise, which could lead to an inflationary surge, or to raise interest rates and increase public saving, at the risk of delaying the recovery.

The status of a given country when it finds itself faced with this dilemma will no doubt influence the severity of its consequences. For countries that have already consolidated a state of fiscal equilibrium, have achieved a suitable relationship between the prices of tradables and non-tradables (thereby helping to place their balance of payments in a stable equilibrium position) and have entered into a long-term growth phase (as is the case of Chile and Colombia), this problem will be less severe and, thus, more manageable, especially in view of the high level of international monetary reserves which they have accumulated.

For countries that are in the process of consolidating their fiscal balance but have not yet achieved suitable relative prices that would be in keeping with a stable state of balance-of-payments equilibrium and are on their way to resuming long-term growth (as may be the case of Argentina, Mexico or Uruguay), the trade-off between higher inflation or slower growth is a harsher one.

Countries whose fiscal and external balances are still very closely tied to an international price, as is the case of Ecuador's and Venezuela's petroleum-based economies, are vulnerable to the instability inherent in such a situation. This state of affairs points up such countries' urgent need to undertake a fiscal adjustment and structural changes to lessen that dependency.

Other countries are still striving to meet the challenges associated with the preceding phase of economic evolution, including those of stabilizing prices and consolidating their basic macroeconomic balances (e.g., Brazil or Peru).

Furthermore, economic policy must still contend with the imperative of seeking out ways to provide productive employment and restore the purchasing power of the poorer strata of the population, who paid such a high price for the crisis of the 1980s, since the only alternative is to permit the continuation of the social de-integration entailed by the progressive marginalization of these sectors.

The external debt burden

The book value of the region's total external debt (US$432 billion as of the end of 1991) is expected to climb by nearly 3% this year. An important factor underlying this increase is the decline in the value of the United States dollar against other major currencies, since this raises the dollar value of debts denominated in those currencies. Another expansionary factor is the active participation of some of the region's countries in international bond markets, with an investment thus far in 1992 of US$6 billion. Another factor has been the increase in interest arrears on the part of at least nine countries, chiefly with their bank creditors. On the other hand, the main contractionary factors are associated with debt reduction agreements, debt buy-backs on the secondary market, and debt swaps in connection with the privatization of State enterprises.

Additional Brady-Plan debt reduction agreements have been formulated in 1992. Argentina's agreement, announced in April, covers US$23 billion of eligible bank debt and US$7.9 billion of interest arrears (plus the interest due on those arrears), most of which will be swapped for cash-backed medium-term bonds. Moreover, Argentina's ambitious programme for privatizing State enterprises holds out the promise of major reductions in the debt overhang, since it provides for the use of debt paper as a means of payment in such operations. The terms of Brazil's agreement were unveiled in July and cover US$44 billion of eligible bank debt, as well as providing for a parallel agreement to convert 1991 and 1992 interest arrears into bonds.

Mexico has made make a sizeable reduction (around 10%) in its public sector's external debt by using the income from privatizations to buy up some of its debt on the secondary market and to settle other obligations with external creditors. In January, Bolivia followed in Nicaragua's steps by accepting the Paris Club's extended Toronto Terms for low-income countries. Brazil, too, negotiated an agreement with the Paris Club at the beginning of the year which provides for the regularization of its payments to official bilateral lending agencies.

International interest rates have continued to move downward in 1992. The six-month LIBOR stood at 3.6% as of the end of August, as compared to averages of 8.4% in 1990 and 6.1% in 1991. The effect of this decline on the payments made by countries of the region was lessened, however, by the fact that, under current Brady agreements, about US$34 billion in bank debt is now in the form of temporarily or permanently fixed-rate bonds. Even so, the interest to be paid by the countries of the region on their external debts during 1992 is expected to drop by about US$5 billion to approximately US$28 billion.

The combined effect of a major reduction in interest payments and a moderate increase in exports will be a decrease, for the sixth year in a row, in the ratio of interest paid or due to the region's exports of goods and services, which, in 1992, is projected to fall to about 18%, the lowest level to be recorded since 1982.

The secondary-market prices of Latin America's bank debt exhibited an upturn during the first half of the year. These higher prices reflect growing optimism about the Latin American and Caribbean countries' ability to pull through the debt crisis. They also attest to the fact that a significant number of countries that have long been in arrears are now actively seeking out ways of renegotiating their debts. Assuming that Argentina's debt- reduction agreement is concluded by the end of the year, the region's accumulated interest arrears will drop to around US$20 billion in 1992.

Table 1
LATIN AMERICA: GROSS DOMESTIC PRODUCT

	Annual growth rates					Cumulative variation 1981-1992	
	1988	1989	1990	1991	1992a	GDP	Per capita GDP
Latin America	**0.9**	**1.3**	**0.3**	**3.2**	**3.2**	**20.5**	**-4.7**
Oil-exporting countries[b]	2.2	0.1	3.9	4.3	2.8	23.8	-6.6
Non-oil-exporting countries[c]	-0.1	2.3	-2.4	2.4	3.6	17.9	-6.9

Source: ECLAC, on the basis of official data.
[a] Preliminary estimates subject to revision. [b] Bolivia, Colombia, Ecuador, Mexico, Peru and Venezuela. [c] Argentina, Brazil, Chile, Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, and Uruguay.

Table 2
LATIN AMERICA: BALANCE OF PAYMENTS
(Billions of dollars)

	Latin America			Oil-exporting countries[b]			Non-oil-exporting countries[c]		
	1990	1991	1992[a]	1990	1991	1992[a]	1990	1991	1992[a]
Balance on current account[d]	**-6.8**	**-20.5**	**-29.8**	**-2.0**	**-13.9**	**-25.9**	**-4.8**	**-6.6**	**-3.9**
Merchandise trade balance	27.8	9.8	-4.6	9.9	-2.9	-16.1	17.9	12.7	11.5
Exports	121.7	121.4	127.5	58.2	56.7	55.3	63.6	64.6	72.2
Imports	94.0	111.5	132.1	48.3	59.6	71.4	45.7	51.9	60.7
Net payments									
Services	4.2	5.4	5.8	0.7	1.7	1.9	3.5	3.7	3.9
Profits and interest	34.8	30.9	25.4	13.8	12.5	11.1	21.0	18.4	14.3
Unrequited private transfer payments	4.5	5.9	6.0	2.6	3.2	3.2	1.9	2.7	2.8
Balance on capital account[e]	**22.4**	**40.9**	...	**9.8**	**28.7**	...	**12.6**	**12.1**	...
Global balance[f]	**15.6**	**20.4**	...	**7.9**	**14.9**	...	**7.7**	**5.5**	...

Source: ECLAC, on the basis of official data.
[a] Preliminary estimates subject to revision. [b] Bolivia, Colombia, Ecuador, Mexico, Peru and Venezuela. [c] Argentina, Brazil, Chile, Costa Rica, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Paraguay, and Uruguay. [d] Including unrequited private transfer payments. [e] Including unrequited official transfer payments, short- and long-term capital, and errors and omissions. [f] Equals variation in international reserves (of opposite sign) plus counterpart items.

Table 3

LATIN AMERICA: PRICES OF MAIN EXPORT PRODUCTS

(Prices in current dollars and growth rates)

	Average annual prices					Annual growth rates				Cumulative variation
	1980	1985	1990	1991	1992[a]	1989	1990	1991	1992[b]	1992/1980
Raw sugar[c]	28.7	4.1	12.6	9.0	8.7	25.5	-1.6	-28.8	-3.0	-69.7
Bananas[c]	18.9	18.4	29.5	25.0	24.0	-17.0	44.6	-15.3	-3.9	27.1
Cocoa[c]	118.1	102.3	57.7	54.2	51.2	-21.6	2.1	-6.1	-5.6	-56.7
Coffee (mild)[c]	178.8	145.6	89.2	85.0	67.2	-20.8	-16.6	-4.7	-20.9	-62.4
Beef[c]	125.9	97.7	115.4	120.8	111.6	2.0	-0.9	4.7	-7.6	-11.4
Fish meal[d]	504.0	280.0	412.0	478.0	493.0	-25.0	1.0	16.0	3.1	-2.2
Maize[d]	210.3	135.3	119.9	140.1	136.5	3.8	-14.8	16.8	-2.6	-35.1
Soya[d]	296.0	225.0	247.0	240.0	239.0	-9.5	-10.2	-2.8	-0.4	-19.3
Wheat[d]	177.4	138.0	137.0	129.0	164.0	16.4	-19.4	-5.8	27.1	-7.6
Cotton[c]	94.2	61.7	82.1	74.6	62.8	19.7	8.2	-9.2	-15.8	-33.3
Wool[c]	194.5	141.0	155.0	119.2	123.4	-7.7	-19.1	-23.1	3.5	-36.5
Copper[c]	98.6	64.4	120.9	106.3	100.6	9.5	-6.4	-12.1	-5.3	2.0
Tin[c]	7.6	5.4	2.8	2.5	2.6	19.4	-29.8	-10.6	4.7	-66.0
Iron ore[d]	28.9	22.0	26.1	28.4	...	9.0	7.4	8.7	...	...
Lead[c]	41.1	17.8	36.8	25.4	23.6	2.7	20.8	-31.2	-7.0	-42.6
Zinc[c]	34.6	40.4	74.6	52.8	57.6	36.2	-9.0	-29.2	9.1	66.5
Crude petroleum[f]										
IMF average	35.5	27.0	22.0	18.3	18.0[g]	21.1	27.9	-16.8	-1.6	-49.3
Colombia	...	...	22.5	19.2	18.3[g]	...	23.0	-14.7	-4.7	...
Ecuador	34.9	26.6	22.2	18.6	17.8[g]	17.1	24.7	-16.2	-4.3	-49.0
Mexico	30.0	24.1	17.6	13.1	12.0	17.8	15.8	-25.6	-8.4	-60.0
Venezuela	27.6	25.9	16.9	14.2	14.0[g]	27.6	7.6	-16.0	-1.4	-49.3

Source: UNCTAD, *Monthly Commodity Price Bulletin*, Supplements 1970-1989 (TD/B/C.1/CPB/L.101/Add.1), November 1989; ibid. (TD/B/C.1/CPB/L.132) vol XII, No. 6, June 1992; International Monetary Fund, International Financial Statistics, November 1991; Petroleum Market Intelligence, various issues and SELA, on the basis of official figures.

Note: **Raw sugar**, FOB, Caribbean ports, for export to free market. **Central American bananas**, CIF North Sea ports. **Cocoa beans**, average daily prices (future), New York/London. **Coffee**, mild arabica, ex-dock New York. **Beef**, frozen and boned, all origins, United States ports. **Fish meal**, all origins, 64-65 % protein, CIF Hamburg. **Maize**, Argentina, CIF North Sea ports. **Soya**, United States, # 2, yellow, in bulk, CIF Rotterdam. **Wheat**, FOB United States, # 2, Hard Red Winter. **Cotton**, Mexican M 1-3/32", CIF North Europe. **Wool**, clean, combed, 46's quality, United Kingdom. **Copper, tin, lead and zinc**, spot prices on the London Metal Exchange. **Iron ore**, Liberia, C 61 % Fe, CIF North Sea ports. **Petroleum, IMF average**: average of spot prices of 'Dubai', 'Brent' (United Kingdom) and 'Alaskan North Slope', crude, reflecting relatively equal consumption of medium, light and heavy crude throughout the world; Colombia, C. Limón 30 (U.S. Gulf Coast); **Ecuador**, Oriente-30 (U.S. Gulf Coast); **Mexico**, Maya Heavy-22 (U.S. Gulf Coast); **Venezuela**, Tia Juana-22 (Caribbean).

[a] Average January-June. [b] Average January-June with respect to 1991 average. [c] U.S. cents per pound. [d] Dollars per metric ton. [e] Dollars per pound. [f] Dollars per barrel. [g] Average January-July.

Table 4

LATIN AMERICA: DEBT, TRANSFER AND IMPACT [a]

(As proportions of GDP)

	Total external debt	Transfer			Impact	
		Interests and profits	Net capital inflow	Total	Gross domestic investment	Growth of per capita GDP
1973-1981	38	-2.9	5.5	2.6	22.6	2.1
1982-1989	54	-5.0	1.4	-3.6	17.3	-0.3
1990	44	-3.6	2.3	-1.3	15.7	-1.9
1991	43	-3.1	4.1	1.0	16.4	1.3
1992 [b]	41	-2.3	...	...	...	1.3

Source: ECLAC, on the basis of official information.

[a] These estimates are only orders of magnitude, since they depend on the way the product is valued in dollars.

[b] Preliminary estimates.

Table 5

LATIN AMERICA: PRICES OF EXTERNAL DEBT PAPER ON THE SECONDARY MARKET

(Percentage of nominal value)

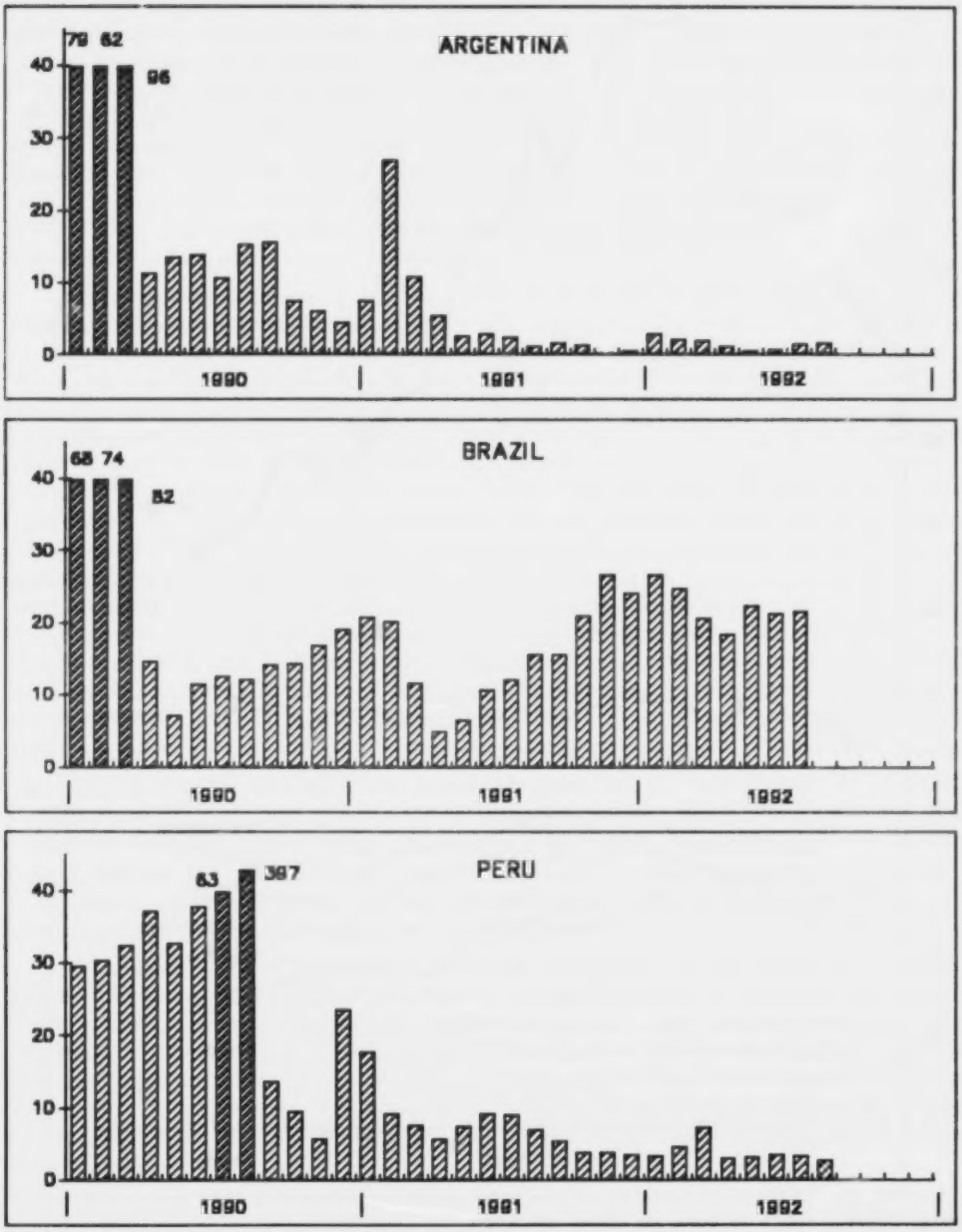
	1990			1991			1992	
	January	June	December	January	June	December	January	June
Argentina	12	13	20	19	25	36	39	50
Bolivia	11	...	...	...	...	...	...	...
Brazil	25	24	25	23	33	30	33	37
Colombia	60	64	63	64	73	81	...	...
Costa Rica	18	36	34	34	46	50	52	58
Chile	62	65	74	75	88	89	88	89
Ecuador	14	16	20	20	22	22	24	32
Honduras	21	...	...	...	...	...	...	...
Jamaica	40	44	...	...	...	...	...	...
Mexico	37	45	46	45	55	60	62	65
Nicaragua	1	...	...	...	...	...	...	...
Panama	19	12	13	11	13	21	25	32
Peru	6	4	4	3	7	11	14	17
Dominican Republic	13	17	...	...	...	...	...	...
Uruguay	50	49	55	...	...	...	...	...
Venezuela	35	46	50	50	60	66	67	61
Average [a]	**29.5**	**33.3**	**35.1**	**32.5**	**41.5**	**45.0**	**45.5**	**50.5**

Source: United Nations, Department of International Economic and Social Affairs, on the basis of offer prices compiled by Salomon Brothers, High Yield Department.

[a] Weighted by the bank debt.

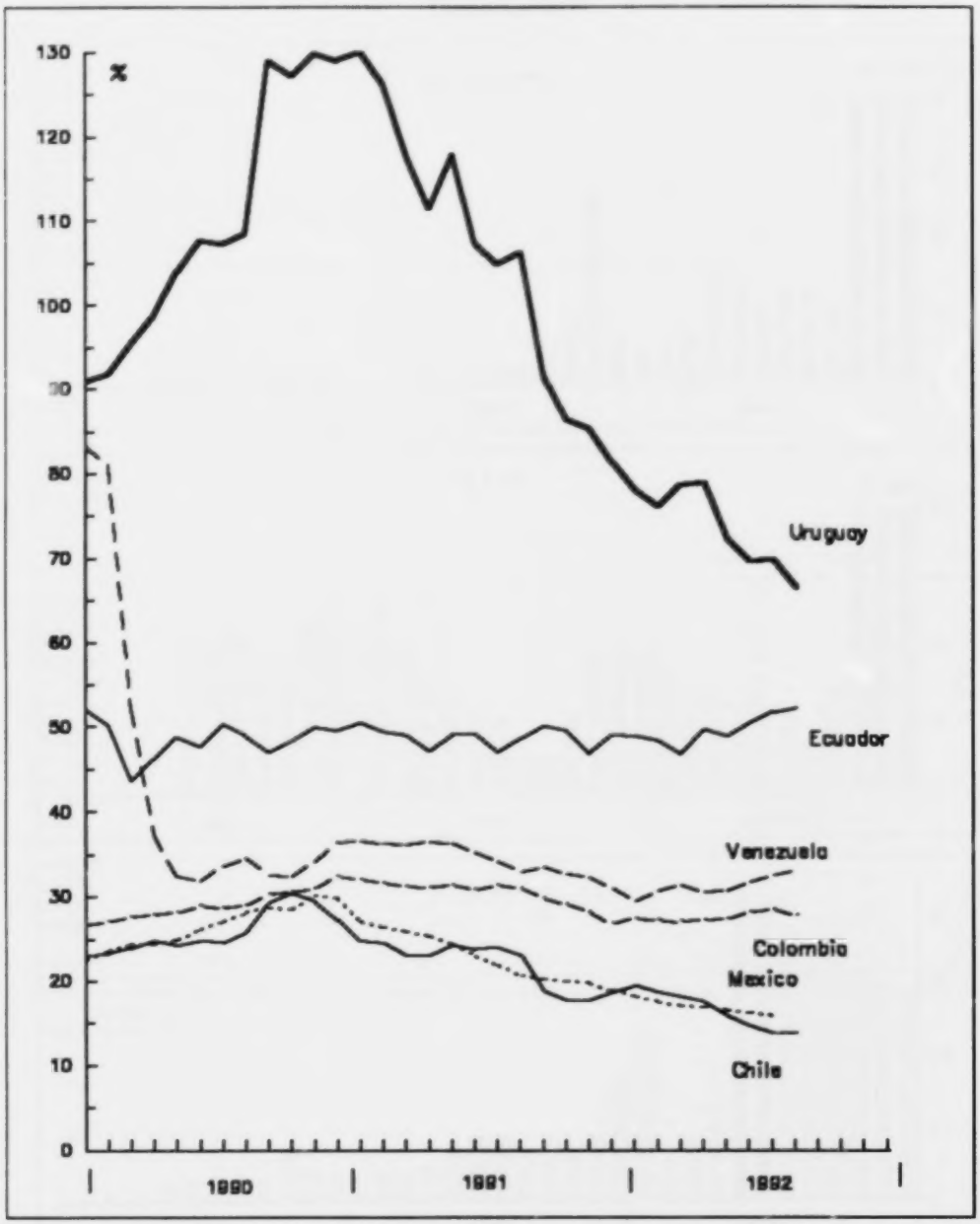
Figure 1

MONTHLY VARIATIONS IN THE CONSUMER PRICE INDEX
IN ARGENTINA, BRAZIL AND PERU
(Percentages)



Source: ECLAC, on the basis of official data.

Figure 2
LATIN AMERICA: TWELVE-MONTH VARIATIONS IN THE CONSUMER PRICE INDEX IN SELECTED COUNTRIES



Fuente: CEPAL, sobre la base de cifras oficiales.

ARGENTINA

The Argentine economy's performance in the first part of 1992 more or less prolonged the trends observed the previous year. The real level of activity continued its vigorous recovery, stimulated by the expansion of domestic demand, to the point where it is estimated that industrial output during the first six months was 16% higher than that of the comparable period in 1991. The inflation rate remained within moderate ranges, although there was a persistent discrepancy between the gradual rise in wholesale prices –which averaged somewhat less than 0.6% a month between January and July– and the still appreciable increase in the consumer price index, which averaged 1.7% a month during the same period. Although exports surpassed those of the first part of 1991, imports expanded much more rapidly, severely squeezing the trade surplus. Nevertheless, capital inflows financed the balance-of-payments deficit on current account and allowed for an increase in international reserves.

Fiscal management was again one of the main focuses of attention of economic policy; a look at management in the first six months, including that of revenues from the privatization of State enterprises, shows that the Treasury reached a virtually balanced financial position. Tax receipts were much higher than those for the first part of 1991, owing not only to the higher level of activity but also –and perhaps mainly– to more effective tax collection. This was especially manifest in the value-added tax, which was raised to 18%; this tax is becoming the veritable backbone of the tax regime, although the definitive structure of the system of government receipts is still actively being discussed. In any case, the improvement in tax collection gave both the central Government and the provincial authorities more financial leeway, and certain educational and health services formerly provided by the State were transferred to the provinces. Modifications in the tax sharing scheme were negotiated; these were intended, in particular, to provide funds to the national social security system. These funds will be used to raise pension benefits, many of which are now being paid at a rate below the legally prescribed limit. The debt accumulated under this heading was securitized through the issue of US$7 billion worth of long-term bonds. Still pending is the approval of the projected reform of the pension system, which envisions the introduction of a segment managed by private firms, a scheme whereby the State would have to ensure the payment of a minimum benefit.

Privatization of State activities, which has come to be a major source of funds, also continued. In the early part of 1992, the Government placed a block of shares in one of the telephone companies on the market and privatized an iron and steel company; electric power service facilities in Greater Buenos Aires were also auctioned off. A broad range of enterprises in industrial sectors –iron and steel and petrochemicals–, fuel extraction and others in the service, energy and transport sectors are also being privatized.

Although national Government expenditure was greater in real terms, the Treasury's financial needs were kept down considerably by increased tax receipts and heavy capital inflows. Thus, Central Bank credits to the government made only a slight contribution to the growth of the monetary base; as had happened the year before, this was due largely to the Central Bank's foreign exchange acquisitions. In any case, capital flows from abroad enlarged the money supply considerably –the monetary base expanded by more than 18% in the first half of the year– which met the growing demand for real balances and the increase in nominal expenditure.

The demand for private-sector goods and services fueled the recovery of productive activity. From all appearances, there was another significant increase in investment, although it is still far from being what it was prior to the late-1980s plunge. There was also an increasingly strong demand for certain durable consumer goods, which was satisfied in part by increased

imports, but also by local industry. This trend continued to be bolstered by the rapid, steady expansion of available credit. The increased demand seemed to fall off by mid-year, although the trend was not quite reversed. Certain intermediate goods sectors proved to be an exception to the overall expansionary trend, among them iron and steel, whose output shrank in the first six months of the year.

The increase in expenditure also affected services, whose prices continued to climb. Food prices, meanwhile, were erratic. In the first quarter, the increase was fairly high, and steep price hikes were passed on to the consumer at an average monthly rate of around 2.5%. This trend eased soon after; between April and July, the average increase was 1.1% per month. As a result, the real exchange rate –adjusted for United States inflation– declined slowly but surely, although a comparison of the evolution of exchange rates and the consumer price index (CPI) would seem to suggest sharper depreciation. Private-sector salaries and wages were adjusted gradually –more rapidly than industrial prices but, at least in the first quarter, more slowly than the CPI. Employment is showing signs of picking up slightly, but not enough to accommodate the larger number of job-hunters; thus, the rate of open unemployment in Greater Buenos Aires was still over 6.5%.

With the upsurge in demand and the relatively cheaper prices of imported goods, purchases abroad were booming. In the first five months of the year, the value of imports was more than double the figure for the same period of the previous year; the flow of goods from Brazil, in particular, gained tremendous momentum. At the same time, the international prices of certain major agricultural products rose and, although a smaller surface area was cultivated, yields were high and the grain harvest was somewhat more abundant than it had been in the previous growing season. Exports of manufactured goods seem to have remained more or less unchanged from their earlier levels.

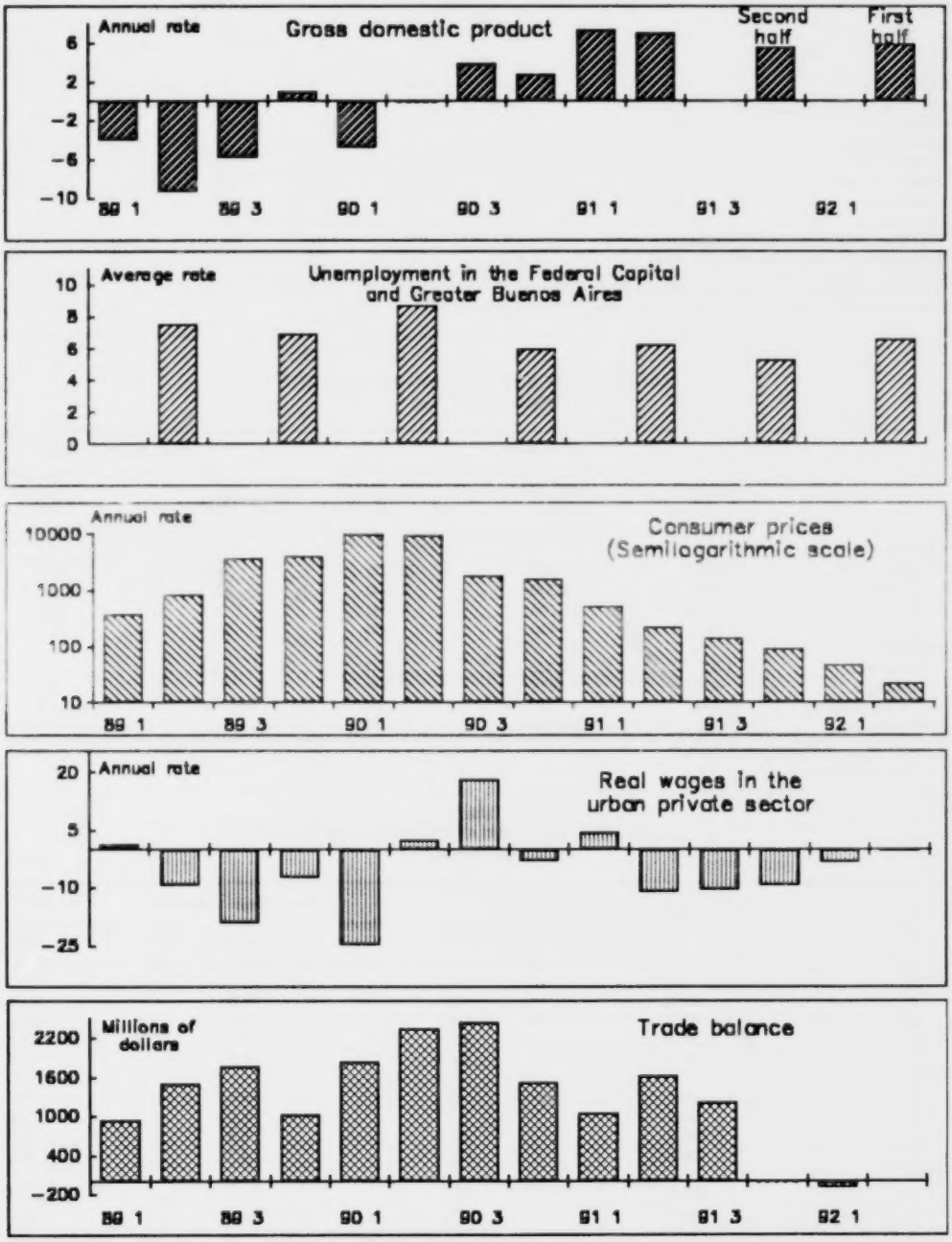
Despite an increase in the total value of exports, the trade balance plummeted to a mere US$40 million in the first five months, down from US$2.1 billion over the same period in 1991. This substantially widened the current-account deficit. It did not, however, cause financial problems, as the capital inflow was even stronger than it had been the year before. In the end, Central Bank reserves increased by more than US$1.5 billion.

In 1992, the extended facilities agreement with the IMF was concluded. The resources it brought in furnished a portion of the"critical mass" of funds required in order to renegotiate the external debt with private banks. The arrangement worked out within the framework of the Brady Plan applied to debts of more than US$31 billion, including some US$8 billion in arrears. Following an initial repayment, these were securitized through the issue of a 12-year bond. The capital debt was refinanced over 30 years and the banks were given the option of receiving either floating-rate securities at a 35% discount or par bonds with an initial yield of 4%, which could go up to as much as 6% in the seventh year. It seems that, by and large, the refinanced debt will be securitized through these par bonds.

There had been a steep revaluation of domestic assets during 1991; this became evident on both the real estate market and the capital market. After the successful renegotiation of the external debt, stock prices rose again; in June, however, this favourable trend reversed itself, and prices fell sharply in July and August, although the loss of funds did not have any noticeable impact on other markets.

Figure 1

ARGENTINA: QUARTERLY EVOLUTION OF THE MAIN ECONOMIC INDICATORS



Source: ECLAC, on the basis of official data.

Table 1

ARGENTINA: GROSS DOMESTIC PRODUCT

(Percentage variations) [a]

	1990		1991 [b]			1992 [b]
	IV	Year	I	II	Year	I + II
Total	**2.9**	**0.4**	**7.5**	**7.2**	**6.5**	**6.0**
Agriculture, hunting, forestry and fisheries	3.2	9.8	17.4	8.7	2.5	...
Mining	-6.8	-1.5	-4.5	-4.7	...	...
Manufacturing	4.1	-4.8	8.5	9.1	8.0	16.0
Construction	-23.9	-18.8	5.1	14.5	28.0	
Electricity, gas and water	0.0	-0.6	3.0	8.5	6.5	...
Commerce	8.5	-1.7	10.9	6.3	8.0	...
Transport	1.6	3.6	-4.2	-3.1	...	...
Financial institutions, insurance and real estate	11.5	2.0	13.2	16.2	10.0	...
Community, social and personal services	0.3	0.6	0.7	1.1	0.8	...

Source: Central Bank of the Argentine Republic.

[a] With respect to the same period of the preceding year. [b] Provisional figures.

Table 2

ARGENTINA: CROP FARMING PRODUCTION

(Thousands of tons) [a]

	Seasons			Percentage variation	
	1989/1990 (1)	1990/1991 (2)	1991/1992 (3)	(2/1)	(3/2)
Cereals					
Maize	5 050	7 700	10 200	52.5	32.5
Sorghum	2 040	2 300	2 400	12.7	4.3
Wheat	10 300	11 100	9 700	7.8	-12.6
Rice	500	420	680	-16.0	61.9
Oilseeds					
Sunflower	3 800	4 000	3 800	5.3	-5.0
Linseed	475	475	500	0.0	5.3
Peanuts (hulled)	230	235	270	2.2	14.9
Soya beans	10 700	10 900	10 100	1.9	-7.3

Source: ECLAC, on the basis of official data.

[a] Provisional figures.

Table 3

ARGENTINA: INDUSTRIAL PRODUCTION INDEX

(Seasonally adjusted)

	Index 1984=100	Percentage variation		
		Quarter [a]	12 months [b]	Year [c]
1990				
I	87.5	-5.5	-15.8	-15.8
II	89.2	1.9	-5.7	-11.0
III	94.1	5.5	9.0	-4.8
IV	96.1	2.1	3.8	-2.8
1991				
I	90.1	-6.2	3.0	3.0
II	96.5	7.1	8.2	5.6
III	100.0	3.6	6.3	5.8
IV	100.6	0.6	4.7	5.5
1992 [d]				
I	105.8	5.2	17.4	17.4
II	110.6	4.5	14.6	16.0

Source: ECLAC, on the basis of data from the Latin American Research Foundation (FIEL).

[a] With respect to the preceding quarter. [b] With respect to the same quarter of the preceding year. [c] Average cumulative index with respect to the same quarter of the preceding year. [d] Provisional figures.

Table 4
ARGENTINA: GROSS FIXED DOMESTIC INVESTMENT
(Annual growth rates)

	1990	1991[a]
Total	**-13.6**	**35.0**
Construction	-16.0	28.0
Public	-17.8	-
Private	-15.1	38.5
Machinery and equipment	-10.7	48.0

Source: ECLAC, on the basis of figures from the Central Bank of the Argentine Republic.
[a] Provisional figures.

Table 5
ARGENTINA: UNEMPLOYMENT IN MAIN URBAN AREAS
(Percentages)

	1989		1990		1991		1992
	May	October	May	October	May	October	May[a]
Federal Capital and Greater Buenos Aires	7.6	7.0	8.8	6.0	6.3	5.3	6.6
Córdoba	8.8	7.3	7.4	4.2	4.1	5.4	4.8
Mendoza	4.4	4.1	6.0	5.8	4.2	4.4	4.1
Rosario	14.2	7.3	10.4	6.5	10.9	9.4	10.1
Tucumán [a]	12.6	13.4	11.5	9.4	11.8	11.4	12.1

Source: National Institute of Statistics and Censuses.
[a] Province of Tucumán, including rural areas.

Table 6
ARGENTINA: TRADE BALANCE
(Millions of dollars)

	Exports		Imports		Trade balance		Percentage variation				
							Exports		Imports		Trade balance
	Month	Year	Month	Year	Month	Year	Month	Year[a]	Month	Year[a]	Year[a]
1991[b]											
January	674	674	492	492	182	182	-15.3	-15.3	27.5	27.5	-55.6
February	807	1 481	400	892	407	589	-0.5	-7.8	76.4	45.6	-40.8
March	867	2 348	407	1 299	460	1 049	-25.5	-15.2	34.3	41.9	-43.4
April	1 000	3 348	613	1 912	387	1 436	-1.5	-11.6	121.7	60.4	-44.6
May	1 227	4 575	517	2 429	710	2 146	11.0	-6.5	71.1	62.6	-36.8
June	1 142	5 717	603	3 032	539	2 685	6.1	-4.2	125.3	72.1	-36.2
July	1 301	7 018	744	3 776	557	3 242	1.7	-3.2	137.4	81.9	-37.3
August	1 074	8 092	748	4 524	326	3 568	-4.7	-3.4	139.4	89.5	-40.4
September	1 078	9 170	742	5 266	336	3 904	5.2	-2.4	127.5	94.0	-41.6
October	1 009	10 179	890	6 156	119	4 023	3.7	-1.9	109.5	96.1	-44.4
November	921	11 100	1 017	7 173	-96	3 927	-3.1	-2.0	131.7	100.5	-49.3
December	865	11 965	920	8 093	-55	3 872	-16.1	-3.1	84.1	98.5	-53.2
1992[b]											
January	740	740	900	900	-160	-160	9.8	9.8	82.9	82.9	-187.9
February	860	1 600	910	1 810	-50	-210	6.6	8.0	127.5	102.9	-135.7
March	1 020	2 620	1 040	2 850	-20	-230	17.6	11.6	155.5	119.4	-121.9
April	1 230	3 850	1 200	4 050	30	-200	23.0	15.0	95.8	111.8	-113.9
May	1 330	5 180	1 090	5 140	240	40	8.4	13.2	110.8	111.6	-98.1

Source: National Institute of Statistics and Censuses.
[a] With respect to the same period of the preceding year. [b] Provisional figures.

Table 7
ARGENTINA: PRICE INDEXES
(Percentage variation)

	Consumer price index						Wholesale price index					
	1991			1992			1991			1992		
	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.
January	7.7	7.7	767.8	3.0	3.0	76.0	10.1	10.1	513.5	0.4	0.4	42.9
February	27.0	36.8	582.0	2.2	5.3	41.6	37.9	51.8	350.2	0.3	0.7	3.9
March	11.0	51.8	287.2	2.1	7.5	30.3	0.4	52.4	163.9	1.4	2.1	5.0
April	5.5	60.2	266.7	1.3	8.9	25.1	1.1	54.1	148.4	0.2	2.3	4.0
May	2.8	64.7	231.8	0.7	9.6	22.5	1.4	56.3	133.4	0.0	2.3	2.6
June	3.1	69.8	200.4	0.8	10.5	19.8	1.1	58.0	117.9	0.8	3.1	2.3
July	2.6	74.2	178.2	1.7	12.4	18.6	0.4	58.6	110.6	0.9	4.0	3.0
August	1.3	76.4	144.4	1.5	14.1	18.9	-0.4	58.0	79.0			
September	1.8	79.6	115.0				0.4	58.6	64.5			
October	1.4	82.1	102.4				0.7	59.7	61.8			
November	0.4	82.9	91.4				-0.9	58.3	58.3			
December	0.6	84.0	84.0				-1.0	56.7	56.7			

Source: National Institute of Statistics and Censuses.

Table 8
ARGENTINA: INDEX OF REAL WAGES IN THE URBAN PRIVATE SECTOR [a]
(Index 1983=100)

	Index [b]				Percentage variations 1992[c]		
	1989	1990	1991	1992[c]	Month	Year [d]	12 Ms[e]
January	103.5	81.8	85.4	78.0	-1.6	-70.5	-8.7
February	104.2	75.7	78.2	77.1	-1.2	-68.5	-1.4
March	98.2	72.2	76.9	77.4	0.4	-66.8	0.7
April	93.4	84.7	78.2	77.0	-0.5	-65.4	-1.5
May	82.6	88.8	78.4	77.5	0.6	-64.3	-1.1
June	80.0	89.3	76.7	78.5	1.3	-63.2	2.3
July	74.2	86.5	76.8				
August	69.5	86.5	77.2				
September	73.7	84.4	76.6				
October	79.7	87.7	77.8				
November	94.9	85.4	78.1				
December	93.5	86.8	79.3				

Source: ECLAC, on the basis of figures from the Social Security Administration.
[a] Standard real average monthly wage. Includes industry and banking, commerce and transport services. [b] Index of nominal wages deflated by consumer price index. [c] Provisional figures. [d] Percentage variation in the cumulative average index, with respect to the same period of the preceding year. [e] Percentage variation with respect to the same month of the preceding year.

Table 9

ARGENTINA: NATIONAL TREASURY INCOME AND EXPENDITURE

	Millions of pesos [a]						Percentage variation [b]		
	Income		Expenditure		Surplus or deficit	Financing by Central Bank [c]	Current income	Expenditure	
	Total	Current	Total	Total interest				Total	Total interest
1991									
January	398	332	465	57	-66	142	568	775	1 136
February	369	367	755	103	-386	37	444	915	1 207
March	382	382	817	127	-435	436	197	510	448
April	618	605	802	131	-185	-31	264	377	485
May	608	607	693	46	-86	133	191	280	235
June	916	600	681	51	235	42	152	113	172
July	944	706	973	111	-29	184	213	193	155
August	744	650	1 005	164	-261	88	140	236	266
September	707	663	544	92	162	26	202	112	75
October	812	812	895	48	-83	-100	181	150	140
November	724	724	698	65	26	85	128	91	81
December	1 223	860	923	167	301	-34	221	104	137
1992 [d]									
January	897	891	1 072	138	-175	124	168	141	131
February	775	762	973	95	-198	150	108	23	29
March	1 525	948	934	143	591	-512	148	18	14
April	947	883	946	75	1	546	46	23	18
May	881	881	961	67	-80	192	45	23	39
June	1 057	985	1 168	185	-111	158	64	80	72
July	950	939	1 120	153	-170	50	33	28	157

Source: BCLAC, on the basis of figures from the National Treasury.

[a] One **peso**, the new local unit of currency, is equivalent to 10,000 australes. [b] With respect to the same period of the preceding year. [c] Includes: Central Bank credits (including those under item Use of External Financing to National Government), Utilization of the Unified Fund of Official Accounts and Net Variation of Miscellaneous Short-term Assets and Liabilities. [d] Provisional figures.

Table 10

ARGENTINA: INTEREST RATES [a]

	Nominal			Real		
	Bank		Non-bank [d]	Bank		Non-bank [d]
	Deposits [b]	Loans [c]		Deposits [b]	Loans [c]	
1991						
January	13.8	20.6	11.5	-10.4	-5.0	-12.2
February	16.8	23.3	16.1	5.2	11.1	4.6
March	12.0	19.8	10.1	6.2	13.6	4.4
April	1.4	5.2	1.3	-1.4	2.3	-1.5
May	1.6	5.0	2.0	-1.5	1.8	-1.1
June	1.6	5.1	2.2	-1.0	2.4	-0.4
July	1.9	5.1	2.4	0.6	3.8	1.1
August	1.4	4.7	1.1	-0.4	2.8	-0.7
September	1.1	5.5	1.7	-0.3	4.0	0.3
October	1.0	2.5	1.4	0.6	2.1	1.0
November	1.0	3.0	1.3	0.4	2.4	0.7
December	1.1	3.0	1.8	-1.8	-	-1.2
1992						
January	1.2	3.0	1.5	-1.0	0.8	-0.7
February	0.9	2.5	0.9	-1.2	0.4	-1.2
March	0.9	2.5	1.1	-0.4	1.2	-0.2
April	0.8	2.5	1.2	0.1	1.8	0.5
May	0.7	2.5	1.2	-0.1	1.7	0.4
June	0.6	2.5	0.8	-1.1	0.8	-0.9
July	0.6	2.2	1.3	...	...	...

Source: BCLAC, on the basis of data from the Central Bank and other sources.

[a] Equivalent monthly rates (percentages). The deflated values correspond to real "ex-post" rates, calculated according to the formula $(1+r(t))/(1+p(t+1))$, where $r(t)$ is the nominal rate in month and t and $p(t+1)$ is the growth rate of prices in month $t+1$. [b] Reference rates on time deposits, weighted by all time-deposit periods. [c] Rate applied by the Banco de la Nación Argentina for discount of 30-day notes. [d] Present rate for inter-company 7-day transactions with BONEX guarantee.

Table 11
ARGENTINA: EXCHANGE RATES
(Pesos per dollar)[a]

	Exchange rate for exports			Floating[d]	Adjusted real exhange rate[e] (Index 1985=100)[a]
	Agriculture[b]	Industry[b]	Exports average[c]		Floating[d]
1991					
January	0.5524	0.7144	0.5854	0.6492	70.8
February	0.8228	1.0329	0.8657	0.9387	74.3
March	0.8309	1.0431	0.8741	0.9479	74.9
April	0.9144	1.0776	0.9477	0.9793	76.6
May	0.9215	1.0858	0.9550	0.9870	76.4
June	0.9280	1.0934	0.9618	0.9940	76.3
July	0.9280	1.0934	0.9617	0.9939	76.1
August	0.9281	1.0935	0.9618	0.9940	76.6
September	0.9259	1.0909	0.9595	0.9916	76.5
October	0.9257	1.0907	0.9594	0.9915	76.1
November	0.9699	1.1349	1.0036	0.9911	76.9
December	0.9706	1.1357	1.0042	0.9918	77.8
1992					
January	0.9698	1.1348	1.0034	0.9910	76.8
February	0.9700	1.1350	1.0036	0.9913	76.9
March	0.9708	1.1359	1.0044	0.9921	76.2
April	0.9697	1.1346	1.0330	0.9910	76.1
May	0.9697	1.1346	1.0330	0.9910	76.2
June	0.9701	1.1351	1.0334	0.9914	75.8
July	0.9699	1.1349	1.0332	0.9912	74.6

Source: ECLAC, on the basis of data from the Central Bank and other sources.
[a] One peso, the new local unit of currency, is equivalent to 10,000 australes. [b] Weighted by 1983 export structure. Includes effect of duties and drawbacks. [c] Average weighted by 1983 exports structure. [d] Parallel market rates. [e] Index of nominal exchange rate deflated by the wholesale price index and adjusted by the United States wholesale price index.

BRAZIL

The first half of 1992 saw a temporary revival of the Brazilian economy's level of activity, based on the agricultural sector's bumper crop and the boom in exports of manufactures, against a backdrop of inflation persistently higher than 20% per month and a steady decline in fiscal resources. Investment remained at the low level of previous years (slightly less than 16% of GDP) owing to high inflation and uncertainty regarding the future of structural reforms. Nevertheless, the inflow of foreign capital was copious and allowed for a considerable increased in international reserves, which exceeded US$20 billion. This abundance of resources and the gradual release of frozen financial assets hampered the monetary policy's anti-inflation measures. Real wages in manufacturing and construction improved somewhat in relation to the low levels of previous years, but employment continued to decline. Even though there were no major changes in economic leadership, this uncertain panorama was further complicated in June by the outbreak of a political crisis with unpredictable consequences.

Economic policy was characterized by the maintenance of the measures adopted at the end of the preceding year, including the raising of real domestic interest rates, the deregulation of most prices and the establishment of government spending limits. Also continued were the scheduled tariff reductions and the privatization programme, with the sale of 12 enterprises for a total of US$3.2 billion. The Central Bank persevered in its determination to keep the exchange rate high, ultimately contributing to a considerable increase in international reserves. Wage policy, for its part, sought to attenuate the effects of indexing on costs; since January it has guaranteed partial inflation-based adjustments every two months, and complete ones every four months, to private-sector workers who earn up to three times the minimum wage; in March, Congress approved the adjustment of the minimum wage every four months. However, real wages in manufacturing in the State of São Paulo in the first half of the year were 12% higher than in the same period in 1991, representing a recovery from the severe losses suffered early in the preceding year.

Inflation remained very high at around 25% a month in the first two months of 1992; in March and April it declined somewhat, but rose again from May onwards, hovering between 21% and 24%. This stubbornness stems from the persistence of indexing mechanisms and the pressure exerted on the monetary base by the substantial increase in international reserves –of over US$10 billion in the first seven months– and by the release of financial assets frozen under the "Collor I" Plan. Although close to 40% of these resources remained deposited in the Central Bank in special accounts with very favourable yields, the remainder placed a great deal of pressure on the monetary base, which was relieved only partially by the sale of government securities. The expansion of international reserves forced the Central Bank to place additional government paper, with the aim of financing its foreign-exchange purchases and shoring up the real exchange rate. Thus, the amount of the federal Government's domestic debt outside banks rose by over 150% in real terms during the first half of the year.

GDP growth in the first six months bordered on 4%, largely owing to the weak level of activity registered in early 1991. The agricultural sector achieved excellent results, with an increase of nearly 13%. Manufacturing, for its part, rose 2% because of the dynamism of exports, while construction expanded 4%, stimulated by state and municipal public works. The continuing expansion of liquidity as a result of the monthly releases of frozen financial assets helped to sustain domestic demand, despite the drop in public spending and the contraction of investment. It is estimated that once this impulse peters out, the rate of expansion of GDP for the year will approximate 2.5%.

The trade balance recorded a surplus of US$8.8 billion in the first seven months, which was higher than the figure for the same period in 1991. The value of exports grew almost 6%, mainly attributable to the manufacturing sector (16%). Contributing to this performance were the high real exchange rate, the deterioration of domestic demand for manufactured goods and the recovery of Latin American markets, as sales to Argentina rose nearly 150% and to Chile and Mexico, 45%. The export value of commodities fell 9% because of the fall in the prices of some important products, such as coffee, iron ore and, to a lesser extent, soya meal. However, conditions in foreign markets at the beginning of the second half of the year give reason to believe that for the year as a whole, the rate of expansion of exports, including commodities, will increase. Imports of goods rose only 2% despite the tariff reduction implemented under the timetable for trade liberalization. Nevertheless, an accelerating rise in imports of consumer goods, including automobiles, is being observed.

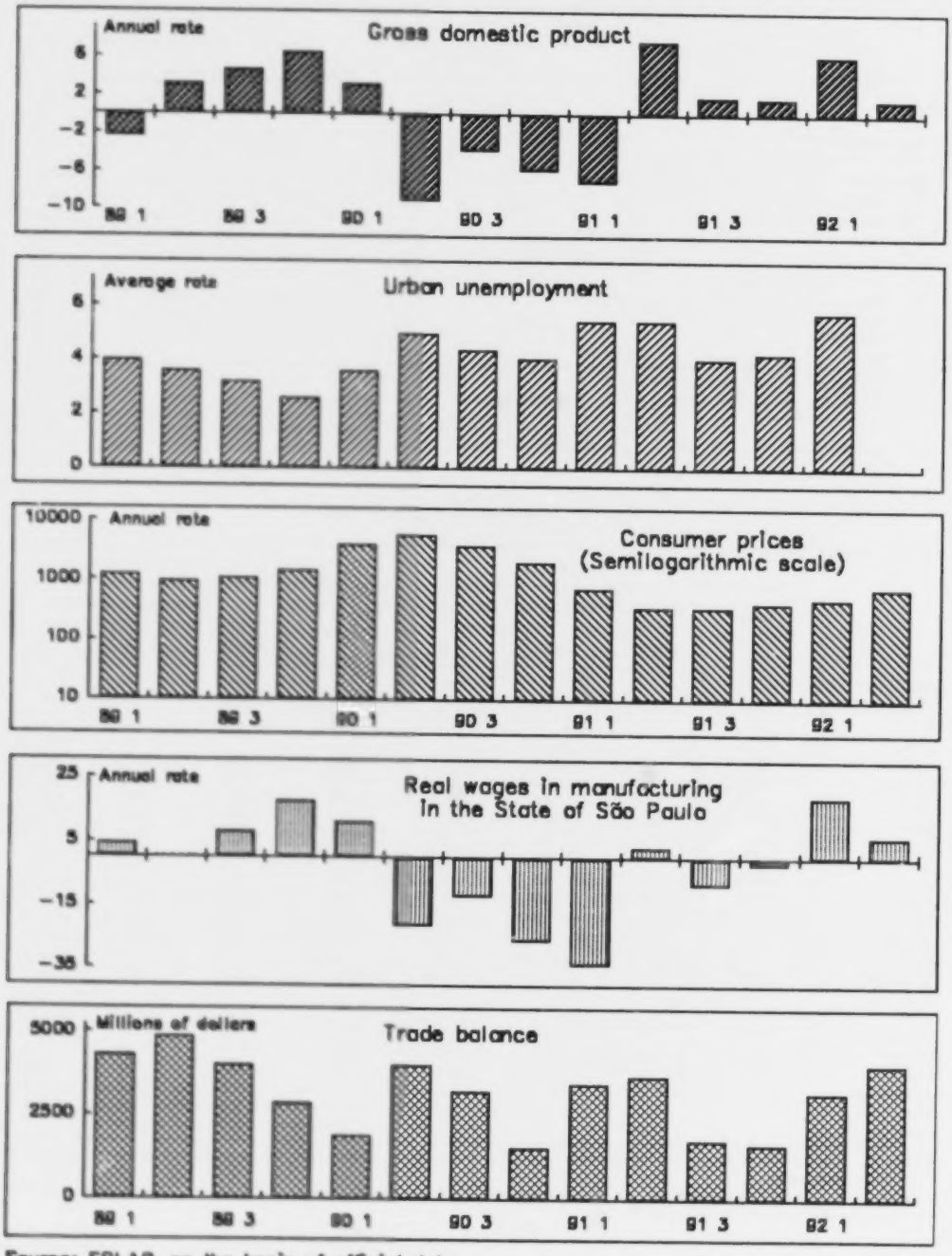
The federal Government's real revenues slid 14% in the first seven months, accentuating the contraction suffered in 1991. Although steps were taken to improve tax indexing, the legality of certain taxes was contested and some taxpayers withheld payment pending a court decision. The Government's shortage of cash and the unwanted expansion of liquidity in the economy forced authorities to imposed tight restrictions on government spending, especially on investment and various current expenditures. Public employee wages were readjusted to rates below that of inflation, cutting real expenditure under this heading by 16% and resulting in a positive cash balance.

External debt negotiations made significant progress. In January, a stand-by agreement for 1.5 billion in SDR was signed with IMF, under which the Government committed itself to achieving a primary surplus of 3% of GDP on public accounts, and implicitly to lowering monthly inflation gradually until it reached single-digit levels towards the end of the year. In February, an agreement was concluded with the Paris Club for the renegotiation of official debt, the servicing of which had been in arrears since July 1989. Lastly, in July the basic instruments were established for an agreement with international commercial banks, along the lines of the Brady Plan.

Between January and July the inflow of gross voluntary external resources climbed to US$10.7 billion, which represented over 90% of the 1991 figure. The stock exchanges attracted nearly US$1.5 billion –almost triple the amount recorded for the entire preceding year. This increased inflow of capital reflected the growing differential between domestic and foreign real interest rates, as well as the high profitability of operations in Brazilian stock exchanges; in the São Paulo exchange, current market prices rose 52% in real terms over the first five months of the year, though a good part of this increase later reversed itself in response to the political crisis. Also contributing to the inflow of capital were expectations of stability or real appreciation of the local currency, given the positive trade balance. Another influential factor was the relaxing of restrictions on capital movements, although the Central Bank again imposed certain constraints around mid-year. The stronger inflow of foreign capital, which benefited the private sector and some State enterprises, such as PETROBRAS and Vale do Rio Doce, came from the expansion of lines of credit for foreign trade, especially exports; short- and medium-term borrowing by Brazilian enterprises; and the purchase of stock portfolios by foreign investors.

Figure 1

BRAZIL: QUARTERLY EVOLUTION OF THE MAIN ECONOMIC INDICATORS



Source: ECLAC, on the basis of official data.

Table 1
BRAZIL: GROSS DOMESTIC PRODUCT AND FIXED CAPITAL FORMATION
(Percentage variation)[a]

	1991[b]				1992[b]		
	I	II	III	IV	I	II	I + II
Total GDP	**-7.2**	**7.8**	**2.0**	**1.8**	**6.3**	**1.6**	**4.3**
Agriculture	3.9	1.2	2.6	1.4	14.6	12.1	12.7
Industry[c]	-15.8	13.0	0.9	1.7	6.5	-1.6	2.7
Manufacturing	...	...	...	...	...	...	2.3
Construction	...	...	...	...	...	...	4.2
Services	-2.5	5.3	2.9	2.1	3.7	1.3	2.8
Gross fixed capital formation	-23.2	12.4	3.3	13.5	9.3	...	...

Source: IPEA, Boletim de Conjúntura, July 1992.
[a] Compared with same period of the preceding year. [b] Provisional figures. [c] Includes mining.

Table 2
BRAZIL: INDUSTRIAL PRODUCTION

	National index (IBGE)				Index for the State of São Paulo (FIESP)			
	Index 1981=100	Percentage variation			Index 1978=100	Percentage variation		
		Month[a]	12 Ms.[b]	Year[c]		Month[a]	12 Ms.[b]	Year[c]
1990								
December	88.7	-22.0	-19.5	-8.2	103.3	-13.4	-21.0	-11.4
1991								
January	90.4	1.9	-24.5	-24.5	106.0	2.6	-18.2	-17.4
February	84.0	-7.1	-19.6	-22.2	98.4	-7.2	-19.5	-18.9
March	91.9	9.4	-13.7	-19.5	110.8	12.6	-3.9	-14.2
April	104.4	13.6	35.3	-9.1	117.0	5.6	19.8	-7.0
May	111.7	7.0	4.6	-6.3	122.5	4.7	6.1	-4.4
June	115.9	3.8	4.6	-4.3	122.7	0.2	5.0	-2.9
July	128.6	11.0	3.8	-3.0	130.1	6.0	1.1	-2.2
August	129.7	0.9	-0.9	-2.7	132.4	1.8	-3.4	-2.4
September	121.1	-6.7	-1.5	-2.5	127.2	-3.9	-0.7	-2.2
October	126.8	4.7	0.0	-2.2	129.4	1.7	-0.8	-2.1
November	111.2	-12.3	-2.3	-2.2	121.6	-6.0	1.9	-1.7
December	88.9	-20.1	0.1	-2.1	111.9	-8.0	8.3	-1.0
1992								
January	89.0	0.2	-1.6	-1.6	116.0	3.7	9.4	9.4
February	92.8	4.3	10.5	4.3	120.4	3.8	22.4	15.7
March	95.7	3.1	4.1	4.2	119.9	-0.4	8.2	13.0
April	...	...	...	...	124.3	7.1	6.2	11.2
May	...	...	...	...	121.8	1.1	-0.6	8.6
June	...	...	...	...	122.3	2.0	-0.3	7.0

Source: ECLAC, on the basis of figures from the Brazilian Geographical and Statistical Institute (IBGE); and the Industrial Federation of the State of São Paulo, (FIESP).
[a] Variation with respect to the previous month. [b] Variation with respect to the same month of the preceding year. [c] Cumulative variation with respect to the same period of the preceding year.

Table 3

BRAZIL: MANUFACTURING SECTOR EMPLOYMENT AND REAL WAGE LEVELS IN THE STATE OF SÃO PAULO

	Index 1978=100				Percentage variation									
	Employment		Real wages[a]		Employment				Real wages					
					Month		12 Ms.		Month		Year[b]		12 Ms.	
	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992
January	96.6	92.7	134.4	150.4	-2.3	-1.0	-10.2	-4.0	-15.3	-8.3	-33.8	11.9	-33.8	11.9
February	95.3	91.7	125.4	146.6	-1.3	-1.1	-11.2	-3.8	-6.7	-2.5	-34.0	14.3	-34.2	16.9
March	94.5	91.3	120.8	153.5	-0.8	-0.4	-11.1	-3.4	-3.7	4.7	-34.0	18.4	-34.1	27.1
April	94.5	90.3	137.2	154.1	-	-1.1	-9.4	-4.4	13.6	0.4	-28.2	16.8	-4.7	12.3
May	94.6	89.7	151.5	156.7	0.1	-0.7	-7.9	-5.2	10.4	1.7	-21.9	13.7	11.6	3.4
June	94.9	89.2	152.1	160.5	0.3	-0.6	-6.7	-6.0	0.4	2.4	-18.1	12.2	4.1	5.5
July	95.7		155.3		0.8		-6.2		2.1		-16.2		-4.3	
August	96.3		152.7		0.6		-5.8		-1.7		-15.6		-12.2	
September	96.3		152.2		-		-6.1		-0.3		-14.9		-8.6	
October	95.8		144.3		-0.5		-6.5		-5.2		-14.3		-9.1	
November	94.6		166.5		-1.3		-7.0		15.4		-13.1		-0.5	
December	93.6		164.0		-1.1		-5.4		-1.5		-11.8		3.3	

Source: ECLAC, on the basis of figures from the Industrial Federation of the State of São Paulo (FIESP).

[a] Nominal wages deflated by the cost-of-living index of São Paulo, (ICV SP). [b] Percentage variation of the cumulative average index with respect to the same period of the preceding year.

Table 4

BRAZIL: RATES OF OPEN UNEMPLOYMENT

(Percentages)

	Total[a]	Rio de Janeiro	São Paulo	Belo Horizonte	Porto Alegre	Salvador	Recife
1991							
January	5.2	4.2	5.9	4.8	4.6	5.4	6.1
February	5.4	3.8	6.4	5.0	5.5	5.2	6.4
March	5.9	4.2	7.2	5.1	5.1	5.8	6.3
April	5.8	4.1	6.9	4.5	5.4	6.1	6.7
May	5.7	4.5	6.5	4.6	5.0	7.3	6.2
June	4.9	3.6	5.6	4.3	3.9	5.3	5.3
July	3.8	2.6	4.3	3.2	3.2	4.5	4.5
August	4.0	2.8	4.4	3.7	3.8	5.7	5.8
September	4.4	3.4	4.4	3.6	4.0	6.2	7.1
October	4.3	3.3	4.5	3.7	4.0	6.3	5.7
November	4.5	3.4	5.0	3.7	4.3	4.8	6.1
December	4.2	3.0	5.0	3.2	3.3	5.2	4.7
1992							
January	4.9	3.6	5.8	4.0	3.6	5.5	6.1
February	6.4	4.4	7.6	5.8	5.4	6.4	8.4
March	6.1	4.0	7.1	5.2	6.2	7.2	8.5
April	5.9	4.0	6.4	5.6	5.9	6.0	9.4

Source: Geographical and Statistical Institute Foundation (FIBGE).

[a] Weighted by the labour force of each metropolitan area.

Table 5
BRAZIL: PRICE INDEXES
(Percentage variation)

	Domestic availability						Consumer price index					
	1991			1992			1991			1992		
	Month	Year	12 month	Month	Year	12 month	Month	Year	12 month	Month	Year	12 month
January	19.9	19.9	1 000.1	26.8	26.8	513.7	21.0	21.0	1 112.0	25.9	25.9	499.5
February	21.1	45.2	676.0	24.8	58.3	532.3	20.2	45.4	737.3	24.5	56.7	520.8
March	7.3	55.8	359.0	20.7	91.0	611.6	11.8	62.5	413.7	21.6	90.6	575.4
April	8.7	69.4	348.5	18.5	126.5	675.7	5.0	70.7	370.4	20.8	130.4	677.2
May	6.5	80.5	337.9	22.5	177.3	791.7	6.7	82.1	367.7			
June	9.9	98.2	341.4	21.4	236.7	885.5	10.8	101.8	364.3			
July	12.8	123.7	340.8	21.6	309.4	962.1	12.1	126.3	362.3			
August	15.5	158.3	350.8				15.6	161.6	376.4			
September	16.2	200.2	368.8				15.6	202.4	382.0			
October	25.9	277.7	416.8				21.1	266.1	410.0			
November	25.8	375.1	453.2				26.7	363.8	452.6			
December	22.1	480.2	480.2				24.2	475.8	475.8			

Source: BCLAC, on the basis of figures from the Getulio Vargas Foundation and IBGE.

Table 6
BRAZIL: TRADE BALANCE

	Millions of dollars						Percentage variation				
	Exports		Imports		Trade balance		Exports		Imports		Trade balance
	Month	Cumulative figures (year)	Month	Cumulative figures (year)	Month	Cumulative figures (year)	Month	Cumulative figures (year)	Month	Cumulative figures (year)	Cumulative figures (year)
1991											
January	2 929	2 929	1 622	1 622	1 307	1 307	28.5	28.5	-3.3	-3.3	117.1
February	2 270	5 199	1 245	2 867	1 025	2 332	15.0	22.2	-0.6	-2.2	76.1
March	2 612	7 811	1 463	4 330	1 149	3 481	17.0	20.4	-11.1	-5.4	82.3
April	3 024	10 835	1 619	5 949	1 405	4 886	18.2	19.8	18.8	0.2	57.4
May	2 913	13 748	1 577	7 526	1 336	6 222	-9.9	12.0	2.8	0.7	29.5
June	2 810	16 558	1 838	9 364	972	7 194	12.0	12.0	34.3	5.9	21.0
July	2 561	19 119	1 789	11 153	772	7 966	-16.9	7.0	13.5	7.1	6.9
August	2 806	21 925	2 184	13 337	622	8 588	-8.4	4.8	9.3	7.4	0.9
September	2 070	23 995	1 682	15 019	388	8 976	-20.1	2.0	-11.4	4.9	-2.5
October	2 666	26 661	2 219	17 238	447	9 423	14.3	3.1	8.9	5.4	-0.8
November	2 457	29 118	1 995	19 233	462	9 885	-7.8	2.1	-11.8	3.3	-0.2
December	2 518	31 636	1 781	21 014	737	10 622	-13.0	0.7	-12.0	1.8	-1.4
1992 [b]											
January	2 568	2 568	1 662	1 662	906	906	2.0	-12.3	-6.7	2.5	-30.7
February	2 395	4 963	1 527	3 189	868	1 774	-6.7	-4.5	-8.1	11.2	-23.9
March	2 905	7 868	1 462	4 651	1 443	3 217	21.3	0.7	-4.3	7.4	-7.6
April	2 746	10 614	1 497	6 148	1 249	4 466	-5.5	-2.0	2.4	3.3	-8.6
May	2 997	13 611	1 593	7 741	1 404	5 870	9.1	-1.0	6.4	2.9	-5.7
June	3 057	16 668	1 633	9 374	1 424	7 294	2.0	0.7	2.5	0.1	1.4
July	3 519	20 187	2 004	11 378	1 515	8 809	15.1	5.6	22.7	2.0	10.6

Source: CACEX and FUNCEX.
[a] With respect to the same period of the preceding year. [b] Provisional figures.

Table 7
BRAZIL: IMPORT STRUCTURES, FOB

	Millions of dollars			Percentage breakdown		Percentage variation	
	1991	1991 (January-June)	1992[b]	1991 (January-June)	1992[b]	1991	1992[b] (January-June)
Total	**21 010**	**9 364**	**9 366**	**100.0**	**100.0**	**2.9**	**-**
Petroleum[c]	4 156	1 476	1 464	15.8	15.6	-12.2	-0.8
Other	16 854	7 888	7 902	84.2	84.4	7.4	0.2

Source: IDB/INTAL, on the basis of figures from the Foreign Trade Studies Centre Foundation.
[a] Variation with respect to the same period of the preceding year. [b] Provisional figures. [c] Includes minerals.

Table 8
BRAZIL: EXPORT STRUCTURE, FOB

	Millions of dollars			Percentage breakdown		Percentage variation[a]	
	1991	1991 (January-July)	1992 (January-July)	1991 (January-July)	1992 (January-July)	1991	1992 (January-July)
Total	**31 636**	**19 121**	**20 187**	**100.0**	**100.0**	**0.7**	**5.5**
Commodities	**8 743**	**5 362**	**4 884**	**28.0**	**24.2**	**0.0**	**-8.9**
Coffee beans	1 382	749	663	3.9	3.3	25.0	-11.5
Iron ore	2 612	1 601	1 316	8.4	6.5	8.5	-17.8
Soya meal	1 369	875	840	4.6	4.2	-15.0	-4.0
Leaf tobacco	654	461	272	2.4	1.3	18.7	-41.0
Other	2 726	1 676	1 793	8.8	8.9	-11.3	7.0
Industrial products	**22 465**	**13 465**	**14 973**	**70.4**	**74.2**	**1.6**	**11.2**
Semimanufactured	5 364	3 070	2 910	16.1	14.4	5.0	-5.2
Manufactures	17 101	10 395	12 063	54.4	59.8	0.5	16.0
Transport equipment	2 985	1 196	1 768	6.3	8.8	-1.7	47.8
Machinery, boilers and mechanical equipment	2 134	1 161	1 283	6.1	6.4	13.8	10.5
Electrical machinery and equipment	928	598	667	3.1	3.3	-3.5	11.5
Footwear	1 245	768	697	4.0	3.5	5.2	-9.2
Orange juice	898	415	663	2.2	3.3	-38.8	59.8
Iron and steel manufactures	1 911	1 563	1 416	8.2	7.0	88.5	-9.4
Other	7 000	4 694	5 569	24.5	27.6	-6.3	18.6
Other products	**428**	**294**	**325**	**1.5**	**1.6**	**-22.0**	**10.5**

Source: Banco do Brazil.
[a] Variation with respect to the same period of the preceding year.

Table 9
BRAZIL: EXCHANGE RATE

	Official exchange rate (Cruzeiros per dollar)			Adjusted real exchange rate [a] (Index 1985=100)		
	1990	1991	1992	1990	1991	1992
January	14.31	180.16	1 197.4	60.65	66.63	74.62
February	23.66	221.92	1 478.7	57.90	68.49	74.23
March	37.70	230.01	1 814.5	50.94	63.59	75.33
April	49.89	252.18	2 197.8	58.86	66.49	75.64
May	52.23	272.98	2 628.6	57.57	67.67	73.97
June	57.12	297.87	3 149.7	56.72	66.82	73.39
July	66.52	328.92	3 829.2	58.89	64.74	73.43
August	71.76	371.28		57.14	63.40	
September	75.54	428.95		53.06	63.64	
October	87.49	583.85		54.05	71.65	
November	124.14	740.37		65.75	71.93	
December	151.51	957.87		67.37	75.01	

Source: BCLAC, on the basis of figures from the International Monetary Fund, International Financial Statistics.
[a] Index of nominal exchange rate deflated by the consumer price index and adjusted by the United States consumer price index.

Table 10
BRAZIL: INTERNATIONAL RESERVES OF THE CENTRAL BANK
(Millions of dollars)

	Cash [a]			Liquidity [b]		
	1990	1991	1992	1990	1991	1992
January	6 905	8 552	9 682	9 044	9 840	11 866
February	6 897	8 600	11 140	8 808	9 805	14 378
March	5 378	7 468	13 741	7 385	8 665	17 062
April	6 843	7 609	15 162	8 794	8 808	18 518
May	7 585	8 411	16 919	9 963	9 665	20 512
June	7 786	9 225	18 000	10 173	10 401	20 491
July	8 113	8 908		10 521	10 113	
August	8 588	8 052		10 533	9 261	
September	8 627	7 054		10 171	7 956	
October	8 120	7 009		10 027	7 987	
November	7 605	7 037		8 753	7 863	
December	8 751	8 522		9 973	9 406	

Source: Central Bank of Brazil.
[a] Available assets. [b] Includes foreign currency assets, IMF reserve position, and special drawing rights.

Table 11
BRAZIL: MONEY SUPPLY AND MONETARY BASE
(Percentage variation)

	Money supply[a]				Monetary base[b]			
	Year[c]		12 months[d]		Year[c]		12 months[d]	
	1991	1992	1991	1992	1991	1992	1991	1992
January	-15.3	-1.0	1 707.2	397.7	-19.3	-9.8	1 530.3	337.2
February	27.9	23.9	1 297.2	312.0	11.8	28.4	1 194.3	349.5
March	36.2	28.4	461.9	301.2	24.8	32.1	491.1	313.9
April	38.6	64.2	312.7	404.3	25.0	74.1	248.2	444.7
May	49.5	93.0	230.5	449.2	38.8	90.8	144.1	438.0
June	74.7	147.7	277.7	503.7	52.7	119.2	195.8	461.8
July	71.9		265.1		58.6		237.6	
August	97.2		282.0		73.5		259.8	
September	143.1		305.2		98.0		248.4	
October	134.4		292.2		114.6		278.2	
November	189.1		308.7		174.3		333.3	
December	326.0		325.6		291.2		291.2	

Source: Central Bank of Brazil.
[a] Monetary liabilities of the Central Bank: currency in circulation, commercial bank deposits and demand deposits (excluding currency held by Central Bank) plus bank reserves. [b] Currency in circulation. [c] With respect to December of the preceding year. [d] With respect to the same month of the preceding year.

Table 12
BRAZIL: MONTHLY INTEREST RATES
(Percentages)

	Deposits						Loans			
	Open-market operations		Certificates of deposits		Savings deposits		Working capital		Consumer credit	
	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992
January	21.0	26.7	23.5	28.9	20.8	26.1	27.2	31.0	26.8	41.5
February	6.9	28.8	11.0	29.6	7.5	26.2	13.6	32.0	13.8	39.1
March	9.0	26.9	9.6	30.2	9.0	24.9	13.1	33.0	12.5	35.4
April	9.6	23.9	10.5	22.9	9.5	21.7	12.1	26.0	13.2	34.0
May	9.5	23.0	10.5	24.0	9.5	20.4	13.1	26.5	12.5	30.0
June	10.3	24.3	12.3	24.0	9.9	21.7	14.6	26.0	15.1	35.4
July	12.4	26.3	11.8	24.0	10.6	24.3	14.1	27.0	15.1	37.0
August	15.7		14.4		12.5		16.6		16.4	
September	19.8		20.1		17.4		23.2		23.6	
October	26.0		21.2		20.4		24.2		24.4	
November	32.4		35.1		31.2		39.2		40.1	
December	31.2		28.4		29.1		35.2		35.4	

Source: BCLAC, on the basis of official data.

COLOMBIA

Despite poor weather conditions, the level of activity of the Colombian economy rebounded during the first half of 1992, thanks to a less restrictive monetary policy in a context of an abundant supply of foreign exchange; these circumstances, however, conspired to defeat the goal of lowering inflation. The favourable balance on the external account provided for an additional accumulation of international reserves, although imports began to rise in response to trade liberalization and lower tariffs. The combination of lower revenues and greater expenditures during the first half of the year widened the fiscal gap, making it necessary to raise taxes.

The level of economic activity in the first quarter was 4% above that of the comparable period the year before. However, the severe drought related to the "El Niño" current led to smaller harvests and a substantial drop in the water levels of reservoirs, forcing a strict rationing of electricity throughout the country. Consequently, the rate of expansion in economic activity slackened considerably during the second quarter.

The upsurge in private investment, closely linked with an increase in construction, was the most dynamic factor in domestic demand. Also, higher private consumption during the first half of the year engendered expectations of a possible return to the levels recorded in 1990. Even though the volume of exports continued to rise, the high rate attained in the previous triennium slowed down considerably. On the other hand, responding to the erosion of the real exchange rate, the elimination of restrictions and the lowering of tariffs, the volume of imports was rising at an annualized rate of close to 15%. Given these conditions, gross domestic product in 1992 is expected to grow by around 3%, with a significant increase in construction (10%), rates of around 3% in manufacturing and commerce, a slight increase in agriculture and a negative rate in the production of electric power.

Despite the greater demand for manpower produced by the recovery in construction, the unemployment rate rose from 9% the previous December to 11% in June.

The ample supply of foreign exchange is confronting economic policy-makers with the dilemma of either allowing the local currency to appreciate or of abandoning their inflation target. During the first half of the year, macroeconomic management was characterized by the efforts of the Banco de la República to stem the influx of short-term external capital, which had been swelling international reserves and the money supply since 1991. The monetary policy implemented in 1991 was designed to constrain monetary expansion in order to relieve inflationary pressures. In 1992, on the contrary, a substantial increase in liquidity has been permitted, since the Banco de la República limited its open-market, liquidity-absorption operations by lowering the interest rate paid on its securities. Consequently, the money supply increased over the 12-month period up to July by an annualized rate of 42%, a faster rate than that recorded at the end of 1991 (33%). Greater liquidity helped bring down the effective interest rate on short-term certificates of deposit from 36% at the end of 1991 to 27% in March and almost 22% in June.

The rapid expansion of the money supply has become a serious obstacle to inflation control efforts. The 12-month rate of variation in the consumer price index remained around 28%. Since prices rose by 21% over the first eight months, it appears that the target of 22% will be very difficult to achieve. The rate slackened after normal price rises during the early part of the year, reaching less than 1% in August, the lowest recorded since September 1988. The abrupt contraction of liquidity in that month, partially due to a substantial issue of government paper, pushed the interest rate up and simultaneously enhanced the seasonal moderation of prices.

Although the differential between domestic and external interest rates narrowed, the inflow of foreign exchange persisted throughout the first half of the year, although the increase in reserves slowed down from May onwards. That continued to push the real exchange rate down from the highs reached at the end of 1990. The foreign exchange balance for the first seven months shows an ample surplus on current account, which explains why international reserves swelled by close to US$1 billion. A key factor in that phenomenon was the receipt of private transfers adding up to some US$1.3 billion. The merchandise trade balance was slightly negative, in sharp contrast with the huge surpluses that had been recorded since 1986.

The downturn in merchandise trade was caused by lower exports and the rapid increase in imports. Indeed, sales abroad fell by close to 7%, owing to a severe contraction in coal and petroleum exports, whereas coffee exports remained stable despite the sharp drop in the international price, and non-traditional products continued to rise, albeit at a moderate rate, after three years of rapid expansion. That scenario was largely due to frequent attacks on the pipelines used to export petroleum and the decline of the international price of coffee to below 60 cents per pound. Imports, in turn, grew by 19%.

The elimination of the trade surplus during this period was amply offset by the upswing in transfers received and a decline of US$500 million in the deficit on capital account. The ensuing generation of additional international reserves caused them to double between early 1990 and the first half of 1992, so that by July they represented the equivalent of 18 months of merchandise imports. At mid-year the Government made advance payments of some US$350 million on the external debt. Also, a withholding tax of 10% on the inflow of foreign exchange through private transfers helped to reduce the flow in the last few months.

Lower tax receipts, owing to reduced tariffs, a drop in sales of electric power, the effect of the low price of coffee on government accounts and the increase in disbursements related to the anti-guerrilla campaign led to a fiscal deficit of more than 2% of GDP during the first half of the year. A new tax reform package was adopted towards the end of June to reduce that deficit by close to 1% of GDP. The main measure was to generalize the value-added tax at 12%. Also, during the second half of the year it will be obligatory to sell government paper in an ammount equivalent to 25% of total taxes due for 1992. It is estimated that higher tax receipts will lower the deficit of the national Government for the year as a whole to the equivalent of 1% of GDP, after the balancing of government accounts in 1991.

Table 1
COLOMBIA: INDUSTRIAL PRODUCTION [a]

	Index 1990=100			Percentage variation					
				1991			1992[b]		
	1990	1991	1992	Month	12 Ms.[c]	Year[d]	Month	12 Ms.[c]	Year[d]
January	83.4	83.4	85.6	-12.0	1.5	-	-11.5	-1.0	2.6
February	94.2	94.2	97.7	12.9	1.3	-	14.1	-0.7	3.2
March	104.4	91.5	101.6	-2.9	-0.9	-4.6	4.0	1.2	5.9
April	96.1	103.2	93.4	12.8	-	-1.5	-8.1	-0.2	1.6
May	104.6	100.8		-2.3	-0.5	-2.0			
June	99.7	96.7		-4.1	-0.6	-2.2			
July	101.2	102.2		5.7	-0.6	-1.7			
August	105.5	102.0		-0.2	-1.1	-1.9			
September	101.1	101.1		-0.9	-0.8	-1.7			
October	108.2	108.7		7.5	-0.9	-1.5			
November	106.8	105.2		-3.2	-1.1	-1.5			
December	94.8	96.7		-8.1	-1.2	-1.2			

Source: National Bureau of Statistics (DANE).
[a] Except coffee processing. [b] Provisional figures. [c] Twelve-month moving average, ending in the same month as the corresponding period of the preceding year. [d] With respect to the same month of the preceding year.

Table 2
COLOMBIA: INDICATORS OF ECONOMIC ACTIVITY

	1991	January-June		Percentage variation [a]		
				1991	January-June	
		1991	1992		1991	1992
Mining						
Crude oil [b]	155.3	74	80	-3.2	-4.1	8.5
Gold [c]	1 116.6	516	537	18.3	12.5	4.2
Silver [c]	258.4	121	134	21.9	19.0	10.7
Iron ore [d]	585.8	302	303	-6.8	-9.6	0.3
Manufacturing						
Sugar [d]	1 633.2	741	867	2.5	-0.7	17.0
Cement [d]	6 389.3	3 080	3 304	0.4	-3.0	7.3
Steel ingots [d]	325.5	164	157	-8.5	-10.6	-4.3
Assembled vehicles [e]	44.2	21	21	-10.1	-9.7	-0.9
Construction [f]	8 286.6	3 859	5 271	30.4	14.7	36.6

Source: Banco de la República and National Bureau of Statistics (DANE).
[a] With respect to the same period of the preceding year. [b] Millions of barrels. [c] Thousands of troy ounces. [d] Thousands of tons.
[e] Thousands of units. [f] Thousands of square metres.

Table 3
COLOMBIA: RATE OF UNEMPLOYMENT

	1990				1991				1992	
	March	June	September	December	March	June	September	December	March	June
Total	**9.7**	**10.7**	**10.0**	**10.6**	**10.5**	**10.4**	**9.7**	**9.3**	**10.5**	**11.1**
Bogotá	8.0	10.1	8.8	10.8	9.2	8.9	8.1	8.1	8.4	9.3
Barranquilla	12.1	11.7	10.4	9.5	9.6	10.9	10.4	7.8	12.5	10.7
Cali	10.9	9.9	8.7	8.7	10.6	9.1	9.1	8.9	9.5	11.7
Medellín	11.4	12.4	13.7	12.4	13.8	14.8	13.6	13.1	15.2	15.3

Source: ECLAC, on the basis of figures from the National Bureau of Statistics (DANE).

Table 4
COLOMBIA: PRICE INDEXES
(Percentage variation)

	Consumer price index						Producer price index [a]					
	1991			1992			1991			1992		
	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.
January	3.0	3.0	32.0	3.5	3.5	27.4	4.8	4.8	31.2	3.3	3.3	21.3
February	3.4	6.5	31.7	3.3	6.9	27.3	1.7	6.6	29.5	2.0	5.4	21.6
March	2.5	9.2	31.1	2.3	9.4	27.1	2.2	8.9	29.0	1.4	6.9	20.8
April	2.8	12.2	31.1	2.9	12.5	27.2	2.6	11.8	30.1	1.8	8.8	19.8
May	2.2	14.7	31.4	2.3	15.1	27.3	1.4	13.3	28.9	2.6	11.3	21.2
June	1.6	16.5	30.8	2.2	17.7	28.1	1.8	15.4	29.5	1.8	13.5	21.1
July	1.8	18.6	31.4	2.0	20.1	28.4	1.3	16.9	29.4	1.8	15.6	21.8
August	1.3	20.2	31.0	0.8	21.0	27.7	1.5	18.6	28.5			
September	1.5	22.0	29.8				1.0	19.8	25.9			
October	1.3	23.6	29.1				1.2	21.2	24.9			
November	1.2	25.0	28.1				1.0	22.5	24.3			
December	1.4	26.8	26.8				0.5	23.1	23.1			

Source: National Institute of Statistics (INE).
[a] Effective January 1991, this index replaced the wholesale price index. It includes intermediate consumer goods, finished consumer goods, capital goods and building materials, referred to as raw materials, consumer goods and capital goods in the wholesale price index.

Table 5
COLOMBIA: EXCHANGE RATE

	Official exchange rate (Pesos per dollar)			Adjusted real exchange rate [a] (Index 1985=100)		
	1990	1991	1992	1990	1991	1992
January	440.1	574.1	711.9	137.4	143.4	132.1
February	451.7	584.1	721.3	136.7	141.3	130.0
March	463.4	593.8	729.4	137.0	140.3	129.1
April	479.2	603.7	737.6	138.0	139.0	127.2
May	491.6	613.8	746.0	139.1	138.7	125.9
June	502.4	624.2	754.5	140.2	139.2	125.1
July	513.1	634.1	763.1	141.7	139.1	124.2
August	519.9	645.6		142.6	140.3	
September	530.5	660.5		143.3	137.9	
October	540.5	673.8		144.2	136.6	
November	551.3	687.6		144.5	137.0	
December	563.4	701.1		144.0	134.4	

Source: ECLAC, on the basis of data from the International Monetary Fund.
[a] Index of the nominal exchange rate, deflated by the consumer price index and adjusted by the United States consumer index.

Table 6
COLOMBIA: INDEX OF AVERAGE REAL WAGES[a]
(Percentage variation)

	1991			1992		
	Month	Year[b]	12 Ms.[c]	Month	Year[b]	12 Ms.[c]
January	0.9	0.9	-3.7	2.7	2.7	3.4
February	10.3	11.2	-2.3	9.2	11.9	2.4
March	0.9	12.1	-3.1	2.2	14.1	3.7
April	0.9	12.9	-1.5	-3.1	11.0	-0.4
May	-1.1	11.9	-1.9			
June	-1.8	10.1	-2.2			
July	-0.6	9.5	-3.4			
August	0.7	10.2	-2.8			
September	0.4	10.6	-0.6			
October	-0.9	9.7	-1.7			
November	0.8	10.5	-0.4			
December	-8.1	2.4	1.6			

Source: National Bureau of Statistics (DANE).
[a] Index December 1986=100 for total industrial sector, except coffee processing. [b] Cumulative figure for year. [c] With respect to the same month of the preceding year.

Table 7
COLOMBIA: EXCHANGE BALANCE
(Millions of dollars)

	January-July			Percentage variation[a]	
	1990	1991	1992	1991	1992
Balance on current account	490	1 456	1 072	197.1	-26.4
Merchandise trade balance	518	615	-90	18.7	-114.6
Exports FOB	2 636	3 185	2 975	20.8	-6.6
Coffee	811	717	718	-11.6	0.1
Other	1 825	2 468	2 257	35.2	-8.5
Imports	2 118	2 570	3 063	21.3	19.2
Purchase of gold	217	229	227	5.5	-0.9
Balance on services and other transfers	-384	447	906		102.7
Net interest	-637	-628	-473		
Other	253	1 075	1 379	324.9	28.3
Oil and mining prospecting	139	165	29	18.7	-82.4
Balance on capital account	-486	-575	-78		
Asset valuation adjustments	-82	-19	-11		
Global balance	2	862	983		14.0

Source: BCLAC, on the basis of official data.
[a] With respect to the same period of the preceding year.

Table 8
COLOMBIA: NET INTERNATIONAL RESERVES
(Millions of dollars)

	Amount			Absolute variation					
				Quarter [a]			Year [b]		
	1990	1991	1992	1990	1991	1992	1990	1991	1992
March	3 872	4 633	6 938	5	132	518	5	132	518
June	3 884	5 165	7 423	12	532	485	17	664	1 003
September	4 300	6 126		416	961		433	1 625	
December	4 501	6 420		201	294		634	1 919	

Source: Banco de la República.
[a] With respect to the preceding quarter. [b] With respect to December of the preceding year.

Table 9
COLOMBIA: NATIONAL GOVERNMENT INCOME AND EXPENDITURE [a]

	Billions of pesos			Percentage variation [b]		
	1990	January-February		1990	January-February	
		1991	1992		1991	1992
Current income (net)	2 066.6	238.9	473.7	34.5	20.5	98.3
Total expenditures	2 290.3	327.4	464.6	29.7	5.3	41.9
Consumption and transfers	1 557.7	249.9	328.4	28.6	9.2	31.4
Interest payments on debt	271.5	51.6	66.6	32.8	32.6	29.1
Investment	461.2	25.9	69.6	31.6	-39.9	168.7
Surplus or deficit	-223.7	-88.5	9.1			
Financing	223.6	88.5	-9.1			
Net external credit	108.3	-54.0	37.7	-23.0		
Net domestic credit	119.9	142.5	-46.8	25.6		
Credits from Banco de la República	65.9			-38.2		
Other domestic sources	54.0			...		
Other variations	-4.6			...		

Source: ECLAC, on the basis of figures supplied by the Banco de la República.
[a] Actual transactions. [b] With respect to the same period of the preceding year.

Table 10
COLOMBIA: INTEREST RATES ON 90-DAY CERTIFICATES OF DEPOSIT

	Projected nominal rate			Weighted effective rate [a]		
	1990	1991	1992	1990	1991	1992
March	28.8	30.1	23.4	34.8	36.7	27.2
June	29.3	30.1	19.0	35.5	36.7	21.5
September	30.0	31.2		36.6	38.3	
December	31.0	29.7		38.2	36.2	

Source: Banco de la República.
[a] Based on the value of new deposits in banks and financial corporations in Bogotá.

CHILE

The Chilean economy registered another year of high growth, a slow-down of inflation, a fiscal surplus, an upsurge in investment and solid external accounts. Available information shows that government expectations for an increase in output of more than 7%, an inflation rate of around 13% and rises in employment and real wages of at least 4% in 1992 are being met.

The level of activity during the first half of the year was more than 8% above that of the previous year for the same period, in response to a speed-up in domestic spending (11%), which was in turn stimulated by an expansion of 17% in fixed investment. Private consumption grew as rapidly as output, while public-sector consumption increased by 4%. Prices continued to show a downward trend, influenced by the continuing effects of a tariff reduction the year before, and by slackening international inflation, a revaluation of the peso and rises in domestic productivity. By the end of August, the accumulated 12-month consumer price index had reached 14%.

Employment expanded by about 5% and real wages by 4%. Less than 5% of the workforce was unemployed, a record low for the past two decades, leading to a certain shortage of skilled labour, especially in construction and some branches of industry. For the third year in a row, a tripartite agreement was reached to raise the minimum wage, including a readjustment mechanism based on expected changes in productivity and future inflation.

The current account of the balance of payments was better than the year before, despite the revaluation of the peso, which had reached 7% by the end of the first half of the year, and the subsequent rise in imports. Towards the end of July, the trade balance posted a surplus of some US$930 million, which represented a 30% decline from that of the previous year, owing to the sharp rise in imports (26%), based on the strong expansion of expenditure, and compounded by the change in relative prices produced by the above-mentioned reduction in tariffs and the gradual revaluation of the peso. The increase in purchases abroad was led by consumer items (40%) and capital goods (36%). Exports continued to grow significantly (12%), especially those other than copper (17%), although copper sales also increased.

The fall in the international interest rate lowered the cost of financial services and thus improved the current account of the balance of payments. A bright outlook for growth in a context of macroeconomic equilibria, the country's low-risk rating and the differential between domestic and external interest rates caused external capital to continue to flow into the country at a level similar to that of the previous year. Thus net international reserves increased by US$1.5 billion, despite a slow-down from May onward.

Policy concerns centred on risks involved in incurring excessive expenditure, as well as on the question of whether the favourable balance of payments was transitory or structural. The authorities therefore took pains to coordinate exchange-rate policy and interest rates, in order to achieve a steady reduction in inflation and maintain a high real exchange rate. A series of decreases in the interest rate in the United States complicated that task by providing incentives for an inflow of short-term capital, which combined with structural factors that strengthened the external account. The current phase of the business cycle in Chile, which is characterized by high output growth, fiscal surpluses and declining inflation rates, entails the danger that lower interest rates might prevent the achievement of the target with respect to prices. During 1992 the monetary authorities moved to resist revaluation of the peso by introducing changes to create uncertainty concerning yields on short-term capital flows and by selectively opening the capital account. This latter policy sought to stimulate demand for foreign exchange by relaxing norms governing remittances and authorizing offshore investments by private pension

funds. At the same time, an attempt was made to limit supply by making external credit more expensive through higher reserve requirements on shorter-term operations. The Central Bank revalued the peso by 5% in January and widened the currency band from 5% to 10%. It also extended to foreign currency deposits the reserves requirement of 20% applied to external credits, thereby eliminating a seepage that was limiting the effectiveness of this measure. This made speculative exchange operations more risky and reduced the amount of money issued as a result of exchange operations.

To achieve its monetary objectives, the Government raised its public savings target from 2.1% to 3.2% of GDP. Over the first half of the year, the general government surplus was around 2% of output, owing to a bigger increase in income than in expenditures.

The market continued to push the dollar down, leading to an expansion of the money supply, a phenomenon worsened by the differential between domestic and external interest rates and increasing expectations of a revaluation. In March the Central Bank introduced a "dirty float" into the currency band, in order to moderate fluctuations in the price of the dollar. To stimulate demand for foreign currency, the exchange position of banks was expanded and easier access was provided for the purchase of foreign currencies to pay for offshore services. At the same time, the percentage of export earnings freed from obligatory liquidation in the formal market was increased from 5% to 10%. Exchange control regulations were modified in early July to link the price of the peso to a basket of currencies, weighted according to the relative importance of the different currencies of the country's trading partners (50% United States dollars; 30% German marks and 20% Japanese yen). That made exchange rates more uncertain, since the agreed exchange rate for the dollar and its corresponding band would be estimated on a day-to-day basis, according to the international rates of the currencies in the basket. This eliminated an implicit safety net against variations of the dollar against the yen and mark, and raised the risk involved in borrowing in dollars.

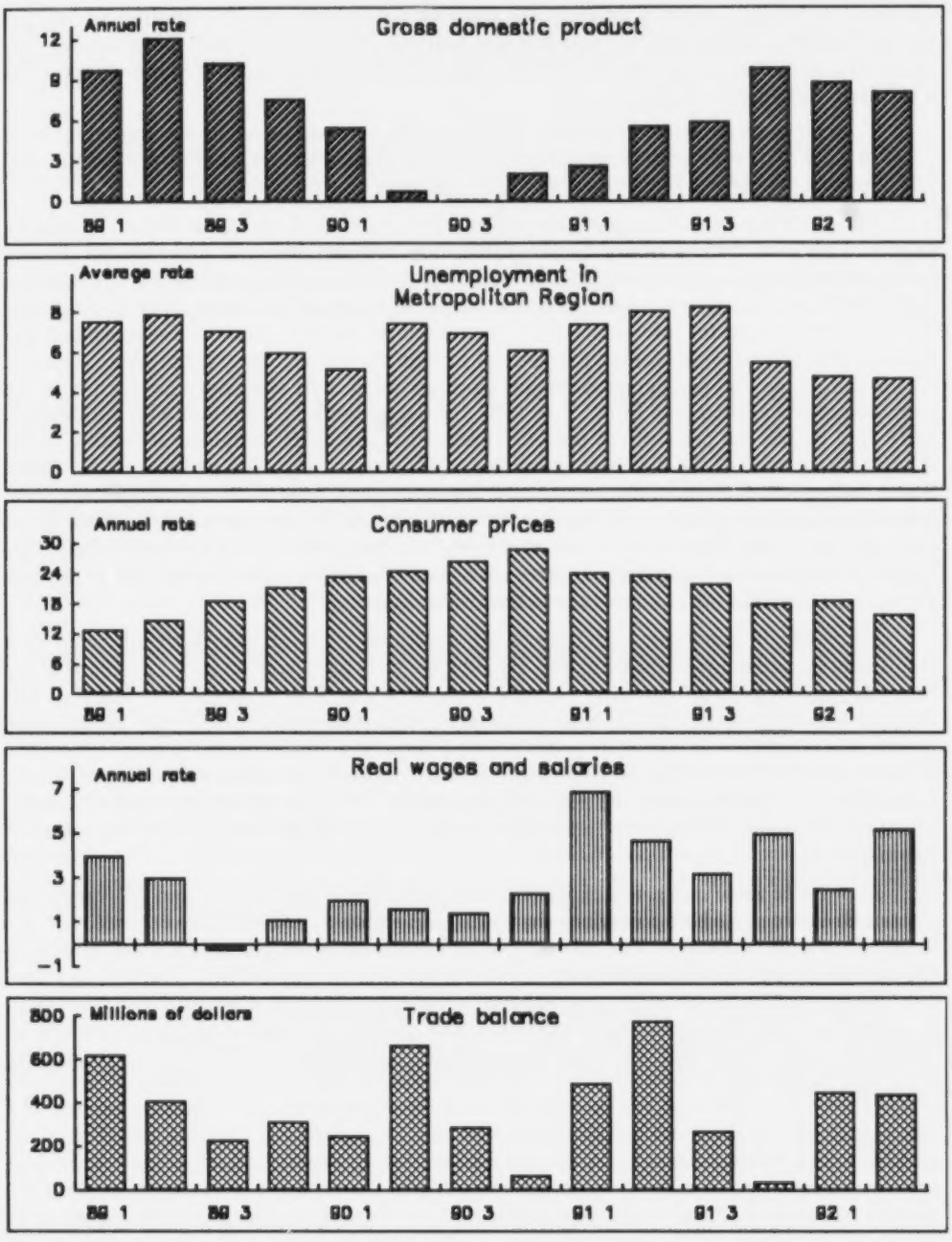
Buoyancy in economic activity and the abrupt drop in inflation were reflected in a significant monetization of the economy. By July, the rates of expansion over 12 months of the broad money supply and monetary creation were 46% and 30%, respectively. Much of that increase took place after March, when monetary creation jumped by 70% over the previous month, due to a decline in consumer prices during February, which activated demand for money at a time when it was becoming complicated to renew documents issued by the Central Bank, since they were incorporating the negative adjustment. However, monetary creation and the broad money supply began to decline in March, returning to more or less the same levels as in February.

In order to slow down the expansion of expenditures, towards the end of August the Central Bank ordered a half-point rise in its 90-day adjustable securities. It also extended reserve requirements on external credits and adopted measures to grant greater freedom to certain capital outflows and profit remittances.

Despite measures to discourage the inflow of speculative capital, external private debt increased by 26% during the first half of the year, basically due to short-term flows to commercial banks. On the other hand, during that same period external public indebtedness declined by 7%.

Figure 1

CHILE: QUARTERLY EVOLUTION OF THE MAIN ECONOMIC INDICATORS



Source: ECLAC, on the basis of official data.

Table 1
CHILE: GROSS DOMESTIC PRODUCT
(Percentage variation) [a]

	1991				1992 [b]	
	I	II	III	IV	I	II
Total	**2.7**	**5.6**	**5.9**	**9.9**	**8.8**	**8.1**
Agriculture and forestry	1.4	1.5	-0.1	2.1	-1.3	2.8
Fishing	2.1	-3.0	49.2	0.8	12.7	17.5
Mining	7.3	5.5	-2.3	7.9	-2.4	-2.0
Industry	-1.5	8.7	6.3	7.4	12.3	7.1
Electricity, gas and water	6.7	7.5	9.8	7.8	9.1	8.2
Construction	2.0	3.0	6.0	8.0	9.0	10.0
Commerce	4.1	6.5	6.5	15.5	12.7	12.5
Transport	11.9	13.8	13.7	14.0	15.0	12.3
Other	2.0	3.1	5.6	10.0	9.2	8.6

Source: Central Bank of Chile.
[a] With respect to the same period of the preceding year. [b] Provisional figures.

Table 2
CHILE: CROP-FARMING PRODUCTION
(Crop years)

	Thousands of metric quintals[a]				Percentage variation			
	1989	1990	1991	1992	1989	1990	1991	1992
Wheat	17 655	17 182	15 887	15 566	1.8	-2.7	-7.5	-2.0
Oats	1 645	2 055	2 067	1 827	4.8	24.9	0.6	-11.6
Barley	851	916	1 070	1 091	4.3	7.6	16.8	2.0
Rice	1 852	1 360	1 171	1 335	14.1	-26.6	-13.9	14.0
Maize	9 385	8 232	8 357	9 111	42.0	-12.3	1.5	9.0
Beans	730	871	1 170	907	-26.9	19.3	34.3	-22.4
Lentils	78	83	119	158	-61.2	6.4	43.2	33.0
Chickpeas	42	60	88	186	-44.7	42.9	46.3	111.9
Potatoes	8 816	8 288	8 439	10 232	-5.0	-6.0	1.8	21.2
Sunflower	319	273	324	263	-34.8	-14.4	18.7	-18.8
Rape	1 129	532	577	617	-7.9	-52.9	8.4	7.0
Sugar beet	28 097	23 265	21 498	29 779	13.0	-17.2	-7.6	38.5
Tobacco	105	144	154	152	1.0	37.1	7.0	-1.4

Source: National Statistical Institute (INE).
[a] Metric quintal = 100 Kg.

Table 3
CHILE: INDUSTRIAL PRODUCTION AND SALES
(Percentage variation)

	SOFOFA [a]						INE [b]		
	Production			Sales			Production		
	Month [c]	12 months [d]	Year [e]	Month [c]	12 months [d]	Year [e]	Month [c]	12 months [d]	Year [e]
1991									
January	-3.0	2.8	2.8	-2.5	6.2	6.2	0.5	4.3	4.3
February	-13.7	0.1	1.5	-10.5	9.2	7.6	-19.2	-2.6	1.1
March	19.5	-2.6	-	14.2	-1.0	4.4	26.2	-4.4	-1.0
April	4.9	3.8	1.0	3.2	8.4	5.4	4.9	7.3	1.2
May	7.6	2.9	1.4	-3.8	2.0	4.7	3.1	7.7	2.5
June	-4.7	4.2	1.9	0.4	6.5	5.0	-4.0	7.8	3.4
July	1.9	0.3	1.7	-3.3	2.5	4.6	4.9	7.6	4.0
August	-5.0	-4.5	0.8	8.7	1.9	4.3	-2.6	3.0	3.9
September	-7.2	4.8	1.3	-10.9	0.1	3.8	-8.8	10.4	4.6
October	14.6	4.5	1.6	17.8	14.7	4.9	17.0	8.5	5.0
November	-5.1	2.5	1.7	-8.4	2.4	4.7	-3.3	9.0	5.4
December	1.5	6.6	2.1	10.2	10.3	5.2	-0.3	11.9	5.9
1992									
January	-2.2	7.5	7.5	-7.2	5.0	5.0	3.0	14.6	14.6
February	-13.2	8.1	7.8	-7.9	8.1	6.5	-16.2	18.8	16.5
March	29.9	17.6	11.3	16.5	10.3	7.8	27.7	20.2	17.8
April	0.4	12.6	11.6	0.6	7.6	7.8	-1.8	12.5	16.4
May	0.6	5.3	10.2	-2.9	8.5	7.9	1.5	10.8	15.1
June	-2.3	7.9	9.8	5.1	13.7	8.9	-0.3	15.0	15.1

Source: National Statistical Institute (INE); Sociedad de Fomento Fabril (SOFOFA).
[a] Figures represent variations with respect to the index 1980=100. [b] Figures represent variations with respect to the index 1979=100. [c] Variation with respect to the preceding month. [d] Variation with respect to the same month of the preceding year. [e] Cumulative variation with respect to the same period of the preceding year.

Table 4
CHILE: UNEMPLOYMENT RATE
(Quarterly averages)

Quarters ending in:	1990		1991		1992	
	Metropolitan Region	Nation-wide	Metropolitan Region	Nation-wide	Metropolitan Region	Nation-wide
January	5.2	5.0	6.0	5.6	5.1	5.0
February	4.8	5.0	6.4	5.7	4.5	4.8
March	5.2	5.3	7.4	6.2	4.8	5.0
April	6.1	5.6	7.7	6.2	4.4	4.6
May	6.8	6.1	7.9	6.5	4.6	4.6
June	7.5	6.5	8.1	6.8	4.7	4.9
July	7.6	6.7	8.6	7.4		
August	7.5	6.7	8.4	7.5		
September	7.0	6.6	8.3	7.5		
October	6.7	6.5	7.6	7.0		
November	6.7	6.3	6.9	6.3		
December	6.1	5.7	5.5	5.3		

Source: National Statistical Institute (INE).

Table 5
CHILE: PRICE INDEXES
(Percentage variation)

	Consumer price index						Wholesale price index					
	1991			1992			1991			1992		
	Month	Year	12 months	Month	Year	12 months	Month	Year	12 months	Month	Year	12 Ms.
January	0.4	0.4	24.8	1.1	1.1	19.5	0.1	0.1	23.9	0.5	0.5	16.9
February	0.1	0.6	24.5	-0.6	0.5	18.6	0.8	1.0	25.1	-0.5	0.1	15.5
March	1.2	1.7	23.0	0.7	1.2	18.0	0.9	1.9	25.6	-0.1	-0.1	14.3
April	1.8	3.6	23.1	1.3	2.5	17.4	0.4	2.3	24.3	0.4	0.4	14.2
May	2.5	6.2	24.3	1.1	3.6	15.8	2.3	4.6	26.3	0.7	1.0	12.4
June	1.8	8.1	23.8	0.7	4.3	14.5	2.5	7.3	27.0	0.8	1.8	10.5
July	1.8	10.1	24.0	1.1	5.5	13.7	2.0	9.5	24.8	1.6	3.4	10.1
August	1.2	11.4	23.0	1.4	7.0	13.9	0.6	10.1	22.6			
September	1.3	12.9	18.8				1.2	11.4	17.7			
October	2.9	16.1	17.8				2.2	13.8	13.9			
November	0.9	17.2	17.8				1.7	15.8	15.0			
December	1.2	18.7	18.7				0.6	16.5	16.5			

Source: National Statistical Institute (INE).

Table 6
CHILE: INDEX OF REAL SALARIES AND WAGES

	Index of real salaries and wages[a] (December 1982=100)			Percentage variation					
				1991			1992		
	1990	1991	1992	Month	Year[b]	12 Ms.[c]	Month	Year[b]	12 Ms.[c]
January	104.5	111.4	112.9	2.3	6.7	6.7	1.0	1.4	1.4
February	104.4	111.5	114.7	0.1	6.7	6.8	1.5	2.1	2.8
March	103.7	111.2	114.9	-0.3	6.9	7.2	0.2	2.5	3.3
April	104.5	110.6	115.5	-0.5	6.6	5.8	0.6	3.0	4.5
May	105.2	109.5	115.2	-1.1	6.1	4.1	-0.3	3.4	5.2
June	104.6	108.9	115.2	-0.5	5.8	4.1	0.1	3.8	5.8
July	105.6	107.5		-1.2	5.2	1.8			
August	105.3	106.5		-1.0	4.7	1.1			
September	101.6	108.4		1.8	4.9	6.7			
October	101.4	108.0		-0.4	5.1	6.5			
November	103.1	109.1		1.0	5.1	5.8			
December	108.9	111.8		2.5	4.9	2.7			

Source: National Statistical Institute (INE).
[a] Index of nominal salaries and wages, deflated by the consumer price index. [b] Percentage variation in the cumulative average index with respect to the same period of the preceding year. [c] With respect to the same month of the preceding year.

Table 7
CHILE: EXCHANGE RATE

	Nominal exchange rate (pesos per dollar)			Adjusted real exchange rate (Index 1985=100)[a]		
	1990	1991	1992	1990	1991	1992
January	296.76	327.23	369.75	100.14	93.81	91.17
February	292.46	337.53	347.86	98.85	96.81	86.60
March	296.70	340.24	348.34	98.47	96.58	86.55
April	296.40	340.28	346.30	96.78	95.02	85.10
May	297.00	339.95	346.56	95.77	92.89	84.37
June	296.79	344.89	355.00	94.15	92.84	86.15
July	296.67	348.72	358.61	92.89	92.35	86.56
August	303.44	350.89		94.01	92.09	
September	308.35	355.61		91.83	92.54	
October	312.49	359.10		90.19	90.94	
November	326.86	364.26		93.71	91.69	
December	334.98	371.90		95.85	92.58	

Source: ECLAC, on the basis of figures supplied by the Central Bank of Chile and the International Monetary Fund.
[a] Index of the nominal exchange rate deflated by the consumer price index and adjusted by the United States consumer price index.

Table 8
CHILE: TRADE BALANCE

	Millions of dollars						Percentage variation [a]				
	Exports FOB		Imports FOB		Trade balance		Exports		Imports		Trade balance
	Month	Year	Month	Year	Month	Year	Month	Year	Month	Year	Year
1989											
December	651	8 080	576	6 502	75	1 578	-18.5	14.6	21.5	34.5	-28.9
1990											
January	625	625	652	652	-27	-27	-3.9	-3.9	30.6	30.6	-
February	658	1 283	527	1 178	132	105	7.8	1.7	27.2	29.1	-70.0
March	711	1 994	567	1 746	144	248	-11.1	-3.3	8.1	21.4	-60.2
April	851	2 845	563	2 309	288	536	24.6	3.7	10.8	18.6	-32.9
May	820	3 665	577	2 885	244	780	16.0	6.2	19.9	18.9	-23.9
June	656	4 321	521	3 407	135	914	2.3	5.6	-17.4	11.4	-11.6
July	704	5 025	620	4 027	84	998	25.7	8.0	6.5	10.6	-1.4
August	721	5 745	644	4 670	77	1 075	-6.5	5.9	1.2	9.2	-6.3
September	641	6 386	514	5 184	127	1 202	0.2	5.3	-1.7	8.0	-4.9
October	719	7 105	686	5 870	33	1 235	3.9	5.2	31.4	10.3	-13.9
November	617	7 723	596	6 466	22	1 257	-8.4	4.0	-1.6	9.1	-16.4
December	587	8 310	571	7 037	16	1 273	-9.8	2.8	-0.8	8.2	-19.3
1991											
January	712	712	623	623	90	90	14.0	14.0	-4.5	-4.5	-
February	658	1 370	493	1 115	165	255	-0.1	6.8	-6.5	-5.4	143.6
March	809	2 179	575	1 690	234	489	13.8	9.3	1.4	-3.2	97.0
April	899	3 078	500	2 190	400	888	5.7	8.2	-11.2	-5.1	65.8
May	791	3 869	599	2 789	192	1 080	-3.6	5.6	3.9	-3.3	38.6
June	737	4 606	549	3 338	188	1 268	12.4	6.6	5.3	-2.0	38.7
July	719	5 325	641	3 978	78	1 346	2.1	6.0	3.3	-1.2	34.9
August	690	6 015	620	4 598	70	1 416	-4.2	4.7	-3.7	-1.5	31.8
September	745	6 759	623	5 221	122	1 538	16.2	5.8	21.1	0.7	28.0
October	801	7 560	788	6 009	13	1 551	11.3	6.4	14.9	2.4	25.6
November	644	8 204	682	6 691	-38	1 513	4.4	6.2	14.5	3.5	20.4
December	725	8 929	662	7 353	63	1 576	23.4	7.4	15.9	4.5	23.8
1992											
January	792	792	747	747	45	45	11.2	11.3	20.0	20.0	-49.3
February	705	1 497	606	1 353	99	145	7.2	9.3	22.9	21.3	-43.2
March	955	2 452	649	2 002	306	450	18.0	12.5	12.9	18.4	-7.9
April	929	3 381	718	2 720	211	662	3.3	9.8	43.6	24.2	-25.5
May	852	4 234	657	3 377	195	857	7.8	9.4	9.8	21.1	-20.7
June	785	5 019	749	4 126	36	893	6.5	9.0	36.5	23.6	-29.6
July	939	5 958	899	5 025	41	934	30.7	11.9	40.3	26.3	-30.7

Source: Central Bank of Chile.
[a] With respect to the same period of the preceding year.

Table 9
CHILE: EXPORT STRUCTURE, FOB
(Millions of dollars) [a]

	Mining products				Agricultural an marine products		Manufactured goods		Percentage variation [b]		
	Total		Copper								
	1991	1992	1991	1992	1991	1992	1991	1992	Min.	Agr.	Ind.
January	384	361	312	288	96	108	232	322	-5.9	-7.6	39.0
February	709	660	566	522	208	227	453	610	-7.0	-7.7	34.6
March	1 091	1 075	874	851	396	432	692	945	-1.4	-2.7	36.5
April	1 473	1 491	1 195	1 195	609	653	996	1 237	1.2	-	24.2
May	1 857	1 838	1 522	1 482	744	790	1 269	1 605	-1.0	-2.6	26.5
June	2 205	2 216	1 817	1 791	840	868	1 561	1 935	0.5	-1.4	23.9
July	2 506	2 647	2 051	2 138	964	950	1 856	2 360	5.7	4.2	27.2
August	2 813		2 311		1 056		2 145				
September	3 180		2 634		1 113		2 466				
October	3 616		2 991		1 149		2 795				
November	3 977		3 268		1 173		3 055				
December	4 393		3 617		1 221		3 315				

Source: Central Bank of Chile.
[a] Cumulative figures. [b] Variation in cumulative value with respect to the same period of the preceding year.

Table 10
CHILE: IMPORT STRUCTURE, CIF
(Millions of dollars) [a]

	Consumer goods		Intermediate goods				Capital goods		Percentage variation [b] 1992		
			Total		Fuels and lubricants						
	1991	1992	1991	1992	1991	1992	1991	1992	Cons.	Inter.	Cap.
January	101	127	392	478	101	126	187	215	25.4	21.9	14.7
February	194	243	718	836	187	190	313	404	25.1	16.3	29.4
March	281	384	1 098	1 219	269	246	478	596	36.5	11.1	24.7
April	366	521	1 424	1 647	330	340	618	817	42.2	15.7	32.1
May	468	654	1 824	2 060	447	424	781	994	39.7	13.0	27.4
June	574	797	2 176	2 506	525	516	927	1 228	38.8	15.1	32.5
July	696	974	2 591	3 054	617	652	1 093	1 486	39.9	17.9	36.0
August	815		2 993		690	652	1 251				
September	941		3 393		777		1 410				
October	1 110		3 870		884		1 632				
November	1 252		4 276		963		1 835				
December	1 392		4 662		1 034		2 040				

Source: Central Bank of Chile.
[a] Cumulative figures. [b] Percentage variation in cumulative value with respect to the same period of the preceding year.

Table 11
CHILE: NET INTERNATIONAL RESERVES[a]
(Millions of dollars)

	Amount			Absolute variation			
				1991		1992	
	1990	1991	1992	Month	Year [b]	Month	Year [b]
January	2 956	5 532	6 753	185	185	114	114
February	3 157	5 731	6 651	198	384	-103	11
March	3 217	5 836	6 875	105	489	224	236
April	3 269	5 679	7 045	-157	332	170	406
May	3 536	5 786	7 549	108	439	504	910
June	3 792	5 652	8 037	-134	305	488	1 398
July	4 148	5 561	8 131	-91	214	94	1 492
August	4 370	5 760		199	413		
September	4 290	5 808		48	461		
October	4 987	5 934		126	587		
November	5 397	6 294		360	947		
December	5 347	6 639		346	1 292		

Source: Central Bank of Chile.
[a] Foreign exchange holdings (including monetary gold, SDRs, IMF reserve position, foreign exchange assets, net balance on reciprocal credit agreements) less liabilities arising from use of IMF credits and short-term liabilities. [b] With respect to December of the preceding year.

Table 12
CHILE: MONETARY AGGREGATES

	E	D1	M1	Dg	Dp	M2	CN	CE
	Percentage variation [a]							
1991								
January	34.1	37.2	33.0	65.8	26.5	28.0	14.3	7.2
February	31.7	57.9	44.4	67.9	25.9	29.8	13.7	6.7
March	30.9	64.9	50.1	46.9	23.0	29.1	12.8	5.2
April	31.9	47.3	41.2	44.4	21.8	26.2	13.0	2.8
May	34.1	42.6	40.0	53.2	24.4	27.7	13.6	2.4
June	36.0	39.0	36.6	34.8	28.4	30.0	14.3	2.6
July	34.7	21.1	29.2	37.2	30.6	30.3	17.1	-0.5
August	29.5	40.7	38.2	36.5	33.1	34.0	19.1	4.4
September	36.7	46.0	41.0	34.0	32.6	34.2	19.8	7.6
October	30.5	76.3	57.6	33.5	27.3	32.5	21.7	9.2
November	35.1	56.7	47.3	16.2	29.5	32.3	22.2	12.2
December	50.6	51.1	42.9	15.6	35.4	36.8	21.1	15.0
1992								
January	39.5	8.1	19.8	15.4	47.0	40.5	27.6	22.6
February	35.4	2.7	16.5	13.2	49.1	41.4	30.5	23.4
March	125.1	81.4	59.3	36.2	47.6	50.7	28.6	24.1
April	84.0	77.1	57.1	33.7	45.2	48.2	30.2	29.1
May	27.7	48.4	40.8	37.5	40.8	40.8	30.3	34.2

Source: Central Bank of Chile.
Note: E = Money issue; D1 = Private sector near-money; M1 = Private sector money supply; Dg = Public sector money supply; Dp = Time deposits; M2 = M1+ Dp; CN = Local currency loans; CE = Foreign currency loans.
[a] With respect to the same month of the preceding year.

Table 13
CHILE: BANK INTEREST RATES
(Percentages)

	Nominal rates[a]		Real rates			
	Short-term deposits	Short-term loans	Non-readjustable operations[a]		Readjustable operations[b]	
			Deposits	Short-term loans	Deposits	Loans
1991						
January	1.06	1.52	0.66	1.12	6.19	9.17
February	0.72	1.36	0.62	1.26	6.12	9.24
March	0.71	1.08	-0.48	-0.12	5.71	8.77
April	1.62	1.95	-0.18	0.15	5.50	8.36
May	2.14	2.44	-0.35	-0.06	5.46	8.76
June	2.53	2.91	0.72	1.09	5.31	8.80
July	2.07	2.52	0.27	0.71	5.22	8.25
August	1.91	2.37	0.70	1.16	5.25	8.48
September	1.58	2.00	0.28	0.69	5.26	8.07
October	1.90	2.24	-0.97	-0.64	5.31	8.14
November	2.60	3.07	1.68	2.15	5.01	8.03
December	1.26	1.72	0.06	0.51	4.78	7.65
1992						
January	1.41	1.79	0.31	0.68	4.51	7.68
February	1.00	1.60	1.61	2.21	4.80	7.63
March	0.30	0.82	-0.40	0.12	5.48	8.29
April	1.04	1.35	-0.26	0.05	5.06	8.21
May	1.58	1.91	0.47	0.80	5.02	7.95
June	1.33	1.74	0.63	1.03	5.00	7.83
July	1.11	1.52	0.01	0.42	4.94	7.96
August	1.39	1.68	-0.01	0.28	5.00	7.88

Source: Central Bank of Chile.
[a] Average monthly rates. [b] Annual rates.

ECUADOR

Ecuador's economy continued to grow at a rate of some 4% during the first half of 1992, shored up by an expansion in the fiscal deficit, while a massive loss of reserves held inflation in check, maintaining the annualized rise of consumer prices in the same 50% range recorded the year before. The external trade balance continued to post a surplus, even though imports grew much faster than exports. However, the imbalance in the non-financial public sector worsened, probably reaching a level of more than 5% of GDP, and external financing from international agencies was reduced. Those factors, plus the uncertainty connected with potential policy changes after the presidential elections at mid-year, contributed to a substantial erosion of the country's international reserves.

Despite adverse weather conditions during the early months of the year, with a drought that affected the generation of electricity and then torrential rains caused by the "El Niño" phenomenon, most production sectors managed to grow at a satisfactory rate. Agriculture and the petroleum industry were the most dynamic sectors, while manufacturing, commerce and financial services expanded at close to the average rate. Oil output climbed to 320 000 barrels a day, as several new fields operated by Petroecuador were incorporated, and as productivity in the country's largest area of hydrocarbon exploitation (Shushufundi) improved. Thus, Petroecuador increased its supply of exportable crude to 210 000 barrels a day.

The greater supply of the country's main exportable commodities and the rise of certain international prices led to an increase of 9% in the value of exports during the first half of the year. An increase in petroleum shipments comfortably offset the decline in the price of crude oil in world markets. Similarly, the value of shrimp exports rose negligibly, despite a 15% increase in shipments. Bananas, on the other hand, rose both in price and volume exported, with the value of exports rising by close to one third; this upswing appeared to be ending towards mid-year, however, due to falling demand –with the consequent drop in price– and a dwindling supply, as quality suffered as a result of a new outbreak of Sigatoka disease. Imports, which increased by almost 30% in 1991, continued to rise rapidly (15%) during the first half of the year, in a context of an imminent change of government and an eroding real exchange rate. Imports of consumer and capital goods once again grew faster than the rest. The rapid rise in imports caused the trade balance to decline somewhat, although it remained comfortably positive (US$234 million). However, since the net transfer of resources abroad accelerated, net international reserves declined by US$300 million during the first six months. This erosion worsened at mid-year, as requests for import licenses increased due to expectations of exchange policy modifications.

The deficit of the non-financial public sector worsened notably, owing largely to a contraction of tax receipts, together with sluggish adjustment of real public utility rates and lower-than-expected revenues from oil sales. Indeed, tax receipts from both domestic activity and income declined in real terms. Rises in public utility rates failed to keep up with the consumer price index. At the same time, while tax revenue had been estimated on the basis of an oil price of US$17 per barrel, the average during the first half of the year was only US$16, although at mid-year it rose to US$18. Another factor contributing to the greater fiscal imbalance was a rise in expenditures, although some payments were for wages due in 1991. The quasi-fiscal deficit, in turn, was reduced to around 1.5% of GDP.

Despite the larger public deficit, which increased government indebtedness, the expansion of the money supply slackened noticeably, owing to the contraction caused by the loss of international reserves. Thus, the 12-month variation of the money supply fell from 47% in December 1991 to 31% in June 1992. Since near-money behaved more or less the same as it

had in 1991, expanding at a rate of close to 60% per year, the aggregate broad money supply (M_2) increased by 44% during the 12 months prior to June.

Inflation, however, remained in the 50%-per-year range it had reached in 1989. During the first quarter, prices of manufactures and private services rose at faster than average rates. During the second quarter, primary products showed the highest rises, owing to the effect of bad weather on supply, and to an increase in cross-border sales. The virtual freeze on public service rates, however, helped contain the overall price increase.

Exchange policy also helped keep inflation down. Under the present system of a fixed weekly devaluation, the price of the dollar up to June rose at an annual rate of 32%. Since that was below the rate for domestic price rises, the *sucre* appreciated once again with respect to the dollar during that period.

Thanks to a readjustment in July –the first in 18 months–, the minimum living wage recovered the level at which it stood 12 months previously. On top of this legal wage level, remunerations include a cost-of-living increase, which doubled at the beginning of the year, as well as other allowances and benefits, which remained unchanged.

Progress was made in lowering tariffs and giving incentives to exports. The Central Bank initiated the "single export window" system in May. At the end of the first six months, the outgoing Administration decreed the fourth tariff reduction, in the framework of the common external tariff provided for in the Cartagena Agreement. The new tariffs are 2% for capital goods, 7% and 12% for intermediate goods and 17% for consumer goods, while automobile imports pay a special tariff of 37%.

The Government that took over in August announced the initiation of a new programme designed to lower the fiscal deficit and inflation by increasing tax receipts, especially by raising the prices of goods and services provided by the State, and by reducing public expenditures. The first measures adopted at the beginning of September provided for a 35% increment in the exchange rate, a 50% rise in the price of electricity and a more than two-fold increase in the domestic price of fuels. A one-time capital tax was also imposed on the assets of enterprises.

Table 1
ECUADOR: TRADE BALANCE
(Millions of dollars)

	Exports FOB		Imports CIF		Trade balance		Percentage variation[a]			
							Exports		Imports	
	Month	Year	Month	Year	Month	Year	Month	Year	Month	Year
1991										
January	198	198	188	188	10	10	2.9	2.9	15.9	15.9
February	217	416	143	331	74	84	22.9	12.5	2.1	9.5
March	223	639	163	494	60	145	9.2	11.3	13.6	10.8
April	196	835	203	697	-7	137	16.8	12.6	8.0	10.0
May	269	1 104	194	891	75	212	22.8	14.9	22.6	12.5
June	251	1 355	191	1 082	60	273	39.0	18.7	7.2	11.5
July	249	1 604	194	1 276	56	329	34.6	20.9	38.4	14.9
August	280	1 884	259	1 535	21	349	-0.7	17.1	84.1	22.7
September	240	2 124	198	1 733	42	391	-11.6	13.0	24.2	22.9
October	263	2 387	262	1 995	1	392	-12.8	9.4	117.2	30.3
November	249	2 636	209	2 203	40	432	-15.6	6.4	15.8	28.8
December	215	2 851	195	2 398	20	453	-9.7	5.0	29.4	28.8
1992										
January	255	255	213	213	42	42	28.6	28.6	12.9	12.9
February	240	496	167	379	74	116	10.7	19.3	16.8	14.6
March	207	702	236	615	-29	87	-7.3	10.0	44.5	24.4
April	265	968	194	809	71	159	35.2	15.9	-4.5	16.0
May	271	1 239	215	1 024	57	215	0.8	12.2	10.7	14.9
June	234	1 473	215	1 239	19	234	-6.8	8.7	12.7	14.5

Source: Central Bank of Ecuador.
[a] With respect to the same period of the preceding year.

Table 2
ECUADOR: EXPORT STRUCTURE [a]
(Millions of dollars)

	Primary products						Manufactured goods		Percentage variation[b] 1992			
	Total		Oil		Non-oil							
	1991	1992	1991	1992	1991	1992	1991	1992	Pri	Oil	Non-oil	Manu.
January	172	227	82	89	90	138	26	28	31.6	8.2	52.9	9.0
February	369	444	181	186	187	258	47	52	20.4	2.7	37.6	10.1
March	567	626	274	252	294	375	71	76	10.4	-8.1	27.7	6.5
April	742	866	319	340	423	525	93	102	16.6	6.6	24.2	24.3
May	985	1 111	427	460	557	651	119	128	12.8	7.7	16.8	21.1
June	1 208	1 320	525	582	684	737	147	153	9.2	11.0	7.9	17.4
July	1 421		606		814		184					
August	1 668		702		966		217					
September	1 881		780		1 101		243					
October	2 113		880		1 233		274					
November	2 324		980		1 344		312					
December	2 512		1 059		1 454		339					

Source: Central Bank of Ecuador.
Note: Pri = Primary. Manu. = Manufactured goods.
[a] Cumulative figures. [b] With respect to the same period of the preceding year.

Table 3
ECUADOR: IMPORT STRUCTURE [a]
(Millions of dollars) [b]

	Consumer goods		Fuels and lubricants		Raw materials		Capital goods		Percentage variation[c] 1992			
	1991	1992	1991	1992	1991	1992	1991	1992	CG	FL	RM	CAP
January	15.5	21.6	5.5	5.3	89.8	108.7	77.7	77.3	39.0	-3.6	21.0	-0.5
February	27.1	41.7	10.1	9.3	158.6	177.4	135.3	151.0	53.9	-8.0	11.9	11.6
March	42.1	61.4	15.7	16.4	240.5	285.7	194.9	251.7	45.8	4.5	18.8	29.1
April	63.5	81.2	24.3	23.2	332.4	377.5	276.1	327.2	27.9	-4.5	13.6	18.5
May	87.3	108.6	30.9	29.9	422.3	472.1	349.7	413.2	24.5	-3.4	11.8	18.2
June	107.9	150.9	36.9	37.9	524.3	562.2	411.9	487.5	39.9	2.8	7.2	18.4
July	131.1		41.7		624.8		476.9					
August	153.9		50.4		759.4		570.2					
September	182.6		57.9		849.8		641.8					
October	213.5		65.6		963.1		751.4					
November	234.8		83.0		1 064.6		819.8					
December	254.8		91.8		1 161.6		889.2					

Source: Central Bank of Ecuador.
[a] Classified by economic use or purpose. [b] Cumulative figures. [c] With respect to the same period of the preceding year.

Table 4
ECUADOR: NET INTERNATIONAL RESERVES
(Millions of dollars)

	1990	1991	1992	Absolute variation			
				1991		1992	
				Month[a]	Year[b]	Month[a]	Year[b]
March	203	503	697	300	-100	194	-63
June	193	557	453	364	-46	-104	-307
September	235	606		371	3		
December	603	760		157	157		

Source: Central Bank of Ecuador.
[a] With respect to the same month of the preceding year. [b] With respect to December of the preceding year.

Table 5
ECUADOR: EXCHANGE RATES

	Average exchange rate (sucres per dollar)				Adjusted real exchange rate (Index 1985=100) [a]			
	Managed floating rate		Floating rate		Managed floating rate		Floating rate	
	1991	1992	1991	1992	1991	1992	1991	1992
January	897.8	1 278.6	932.3	1 333.7	145.0	142.4	124.4	122.7
February	954.4	1 293.6	976.7	1 341.7	148.5	139.8	125.6	119.8
March	968.1	1 309.1	1 013.3	1 340.8	145.2	138.4	125.6	117.1
April	983.8	1 335.8	1 034.4	1 379.9	143.2	134.2	124.4	114.5
May	999.7	1 355.4	1 061.0	1 451.3	140.1	131.4	122.8	116.3
June	1 014.8	1 422.1	1 119.5	1 477.6	139.1	133.5	126.8	114.6
July	1 045.0		1 118.8		140.9		124.7	
August	1 087.2		1 112.3		143.2		121.0	
September	1 102.6		1 124.8		139.6		117.6	
October	1 118.2		1 160.1		137.4		117.7	
November	1 166.0		1 192.3		140.4		118.6	
December	1 262.6		1 284.1		146.5		123.1	

Source: BCLAC, on the basis of figures from the Central Bank of Ecuador.
[a] Index of the nominal exchange rate deflated by the consumer price index and adjusted by the United States wholesale price index.

Table 6
ECUADOR: CONSUMER PRICE INDEX
(Percentage variation)

	1991			1992		
	Month	Year	12 Ms.	Month	Year	12 Ms.
January	4.4	4.4	50.4	4.3	4.3	48.8
February	3.9	8.5	49.4	3.4	7.8	48.1
March	3.9	12.7	49.0	2.8	10.9	46.5
April	3.2	16.3	47.1	5.3	16.7	49.5
May	4.2	21.2	49.0	3.7	21.1	48.8
June	2.5	24.2	49.0	3.6	25.4	50.4
July	1.8	26.5	47.0	2.7	28.8	51.7
August	2.7	29.9	48.6	3.1	32.7	52.2
September	4.5	35.8	50.1			
October	3.2	40.1	49.7			
November	2.3	43.4	46.8			
December	3.9	49.0	49.0			

Source: National Institute of Statistics and Censuses (INEC).

Table 7
ECUADOR: MONETARY AGGREGATES
(Percentage variation) [a]

	Money supply (M1)				Money issue			
	Year [b]		12 months [c]		Year [b]		12 months [c]	
	1991	1992	1991	1992	1991	1992	1991	1992
January	-10.1	-11.6	45.3	44.0	-13.8	-8.7	50.5	52.8
February	-6.2	-6.4	45.6	46.1	-8.4	1.4	45.6	59.8
March	-3.4	-4.6	48.0	44.7	-0.2	-2.1	59.1	41.6
April	4.3	0.5	51.3	41.1	2.8	7.7	52.0	51.4
May	5.4	-0.1	58.4	38.7	7.2	7.0	62.5	44.1
June	14.3	2.1	57.4	30.8	9.2	9.1	52.3	44.3
July	11.6		54.3		13.4		54.3	
August	17.2		58.4		20.9		49.8	
September	21.4		56.3		25.3		48.7	
October	18.8		47.6		22.4		49.2	
November	22.6		47.0		27.0		50.6	
December	46.5		46.5		44.4		44.4	

Source: Central Bank of Ecuador.
[a] Percentage variation calculated with respect to end-of-month balances. [b] With respect to December of the preceding year. [c] With respect to the same month of the preceding year.

Table 8
ECUADOR: GENERAL MINIMUM WAGE
(Index December 1987=100)

	Nominal minimum wage				Real minimum wage				
	Sucres		Index		Index		Percentage variation 1992		
	1991	1992	1991	1992	1991	1992	Month	Year [a]	12 Ms. [b]
January	40 000	40 000	275.9	275.9	61.7	41.5	-4.1	-32.8	-32.8
February	40 000	40 000	275.9	275.9	59.4	40.1	-3.3	-32.6	-32.4
March	40 000	40 000	275.9	275.9	57.1	39.0	-2.7	-32.3	-31.7
April	40 000	40 000	275.9	275.9	55.4	37.1	-5.0	-32.5	-33.1
May	40 000	40 000	275.9	275.9	53.1	35.7	-3.6	-32.5	-32.8
June	40 000	40 000	275.9	275.9	51.8	34.5	-3.5	-32.7	-33.5
July	40 000	60 000	275.9	413.8	50.9	49.8	44.2	-28.7	-2.3
August	40 000		275.9		49.6				
September	40 000		275.9		47.5				
October	40 000		275.9		46.0				
November	40 000		275.9		45.0				
December	40 000		275.9		43.3				

Source: BCLAC, on the basis of official data.
[a] Percentage variation of the cumulative average index with respect to the same period of the preceding year. [b] With respect to the same month of the preceding year.

MEXICO

The Mexican economy continued to make headway in the stabilization process during the first half of 1992, while growth slackened and exports stagnated. Since imports continued to expand rapidly, the trade deficit was much higher than it had been the preceding year. Nevertheless, the inflow of foreign capital, supported by high levels of international reserves, was sufficient to cover this negative balance. The sound management of public finances, which was reflected in a notable financial surplus, together with an increasingly conservative monetary policy, eased inflationary pressures in a context of moderately increased activity. At the same time, structural reforms were intensified, as the privatization of the banking system was completed and employee pension plans were reformed. All of these factors led to further progress in reducing the balance of the public debt, both domestic and foreign. On 12 August, the authorities announced that Mexico, the United States and Canada had successfully concluded their negotiations on the North American Free Trade Agreement, whose ratification by the legislatures of the three countries was still pending.

At the beginning of the second half of the year, growth slowed down as a result of an unfavourable international environment, the volatility of some capital flows and the preventive measures adopted by the Government pursuant to its objective of fighting inflation and its commitment to maintaining strict fiscal discipline. However, it is expected that for the year as a whole, the level of activity will expand by about 3% and annual inflation will approximate the official single-digit target.

Gross domestic product grew nearly 3% in the first half of the year with respect to the same period the year before, but grew by 4.2% in the first quarter and 1.5% in the second. This moderation of the growth rate was apparent in most sectors except construction (5%) and transport and communications (7.5%). The agricultural sector recovered slightly after its meagre 1991 output. Manufacturing recorded a slackening of its growth rate from 3.6% in 1991 to 2% in the first half of 1992, essentially because of dwindling external demand, high interest rates on loans, reduced purchasing power in some strata of the population and intense competition from imported merchandise. The various branches of industry showed mixed patterns of performance: activities linked to exports or investment continued to grow, though more slowly, while the production of consumer goods increased only slightly and the production of a number of intermediate goods declined, in the face of competition from imports. The inbond assembly industry *(maquiladora)*, for its part, recovered the dynamism it had lost in 1991.

Employment declined in the first half of the year, by 3% in the manufacturing sector, although wages increased in real terms. While urban unemployment rose slightly, the average real wages of workers affiliated with the Mexican Social Security Institute climbed by over 5% in the first half of the year. The minimum wage continued to descend in real terms.

Over the first six months of 1992, the stabilization policy, under the Pact for Stability and Economic Growth (PECE) launched three years earlier, continued its sustained deceleration of the inflationary process. Although wage adjustments and the increase in prices of energy products in November 1991 had raised the average monthly increase in consumer prices to 2.4%, since January 1992 the monthly rate of inflation has tended to decline, reaching only 0.6% in July, and thus reducing the annual rate to 15.5%. This decrease was partially attributable to the agreements concluded between the Government and associations of producers and merchants on the reduction of certain prices, of the value-added tax and of exchange-rate fluctuations, and on the freezing of the minimum wage at the nominal levels set at the end of 1991. As in the preceding year, the growing supply of imports also helped reduce inflation.

Exports of goods remained virtually stagnant in the first five months of 1992 in relation to the same period in 1991, owing to the drop in income from oil sales and to the deterioration of demand for non-oil exports. The growth rate of these exports fell from 16% to 4% (although industrial exports continued to grow by over 10%) in response to the stagnation of economic activity in the United States, utilization levels of nearly 100% of installed capacity in some sectors, variations in the real exchange rate and the imposition of barriers to the entry of Mexican products into some foreign markets. Over the same period, imports rose by 29% because of increased purchases of capital goods, steadily rising purchases of intermediate-use goods and an explosion in purchases of consumer goods –although at a slower rate towards the end of the period. In consequence, the trade deficit in the first five months of the year climbed to US$7.6 billion, whereas in the same period in 1991 it had amounted to US$3.4 billion.

In the first half of the year, the Government and a number of enterprises continued to be active in the international capital market. In particular, the State entities Petróleos Mexicanos, Nacional Financiera and Banco Nacional de Comercio Exterior succeeded in placing bond issues for US$565 million, for periods of two to five years and at favourable rates; a number of private enterprises were also listed on North American stock markets. However, those markets showed a degree of saturation as the year progressed. Moreover, the boom in the Mexican stock market that had been recorded for over a year (a 140% real increase between January 1991 and February 1992) was interrupted; signs of instability began to appear in March, and the downward trend which started in June continued to August.

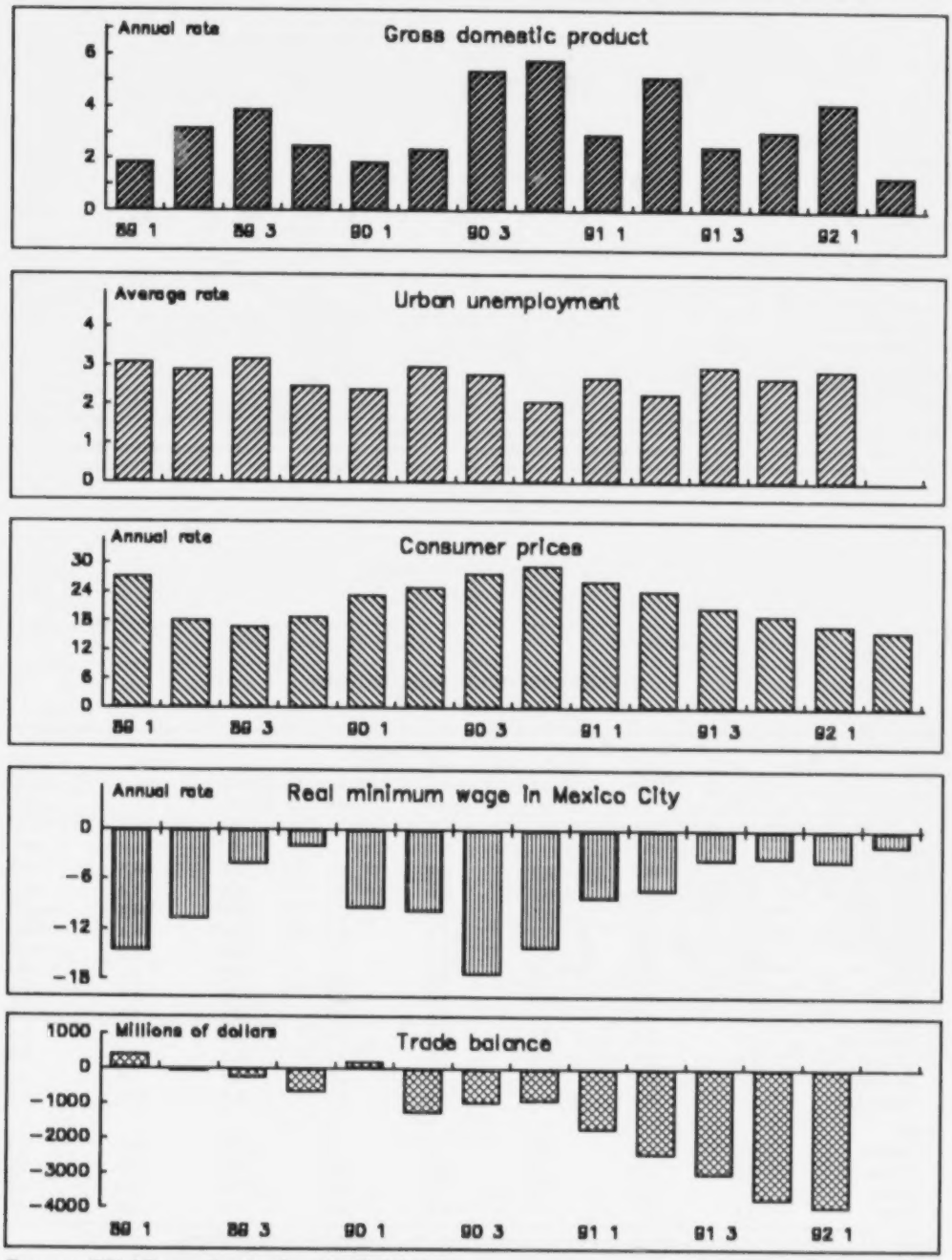
To promote domestic saving and prevent its flight from the country, and to mitigate the effects of the instability of some flows of foreign capital, monetary policy was tightened beginning in March. A ceiling was placed on the proportion of commercial bank liabilities denominated in foreign currency, and interest rates on deposits were raised. Between March and June 1992, the nominal 28-day interest rate on treasury certificates (CETES) rose from 11.7% to 14.8%, reversing the declining trend it had shown over the previous 24 months. In addition, the policy of partial sterilization of monetary expansion was maintained, as a result of which the monetary base grew almost 5% in real terms over the 12 months ending in May, while the Central Bank's net domestic credit continued to decline.

The public sector recorded a considerable surplus in the first half of 1992 –even higher than that of the entire previous year– as a result of a real increase in revenues of nearly 4% and a spending cut of over 2% in relation to the comparable period the preceding year. Even excluding the extra revenues collected in the privatization process, the balance was comfortably positive, contrasting with the negative balance recorded in the same period of 1991. This situation was mainly attributable to the results achieved by the federal Government, whose revenues jumped almost 8% despite the decline in VAT receipts –owing to the reduction of the rate– and the oil industry's more modest contribution, which were more than offset by the increase in income-tax receipts –because of the preceding year's economic expansion and the broadening of the tax base– and by the effect of the raising of domestic gasoline prices in November 1991. The extra revenues from privatizations represented, in the first half of 1992, nearly a fourth of the federal Government's total revenues, and came from the sale of the last commercial banks, of the second block of Teléfonos de México shares and of other State enterprises. Public-sector spending cuts reflected lower domestic and foreign interest payments, although they were also influenced by the strict policy of controlling expenditures.

Developments in public finances, particularly the funds obtained through the sale of State-owned banks, allowed the authorities to step up the public debt-reduction policy. Domestic debt was cut by 15% with the amortization of public securities. In June, the reduction of the external debt by nearly 9% brought its gross balance at the end of the first half to US$76 billion.

Figure 1

MEXICO: QUARTERLY EVOLUTION OF THE MAIN ECONOMIC INDICATORS



Source: ECLAC, on the basis of official data.

Table 1
MEXICO: QUARTERLY GROSS DOMESTIC PRODUCT[a]
(1980 = 100)

	1991				1992[b]	
	I	II	III	IV	I	I+II
Total	**3.0**	**5.2**	**2.5**	**3.1**	**4.2**	**2.8**
Agriculture, forestry and fishing[c]	1.7	0.8	-2.5	-4.4	3.7	1.1
Mining	-3.7	4.6	0.2	-0.7	4.2	1.0
Manufacturing	2.7	5.9	2.7	3.4	3.0	2.1
Construction	3.5	1.6	-0.5	5.5	4.9	4.9
Electricity, gas and water	3.8	5.1	2.8	4.7	5.6	3.8
Commerce, restaurants and hotels	3.6	7.2	2.9	4.2	4.8	2.9
Transport, storage and communications	4.4	8.7	5.4	5.3	9.5	7.5
Financial services, insurance and real estate	3.6	4.1	5.2	3.5	3.4	...
Community, social and personal services	3.1	4.1	3.9	3.8	3.6	2.7[d]

Source: ECLAC, on the basis of figures from the National Institute of Statistics, Geography and Computer Science.
[a] Percentage variation with respect to the same period of the preceding year. [b] Provisional figures. [c] Annual data are different from quarterly data because they are based on production for the crop year, which does not coincide with the calendar year. [d] Includes financial institutions, insurance companies and real estate firms.

Table 2
MEXICO: PRODUCTION BY SECTORS
(Percentage variation)[a]

	Total	Mining	Manufactures				Construction	Electricity
			Total	Consumer goods	Intermediate goods	Capital goods		
1991								
January	5.4	-0.9	6.7	6.2	5.5	39.5	4.5	3.7
February	4.2	-4.7	6.1	6.0	5.4	35.2	1.4	4.5
March	-2.6	-5.5	-4.1	-4.9	-3.7	19.4	4.4	3.3
April	11.0	5.2	13.3	13.7	9.7	42.2	6.4	5.0
May	2.6	3.4	2.4	2.3	2.4	18.2	2.3	6.6
June	2.1	5.2	2.8	1.7	1.3	17.0	-3.6	3.7
July	2.7	1.2	4.0	4.2	2.6	21.3	-1.8	1.7
August	1.4	0.8	1.4	2.6	-0.5	12.3	1.8	1.2
September	1.7	-1.4	2.7	0.8	1.6	19.6	-1.4	5.5
October	3.6	-1.3	3.6	5.6	0.3	16.3	6.5	6.8
November	2.6	-0.9	3.4	7.3	1.2	17.1	1.4	4.4
December	3.7	-0.2	2.4	5.0	-1.1	20.1	12.0	2.8
1992								
January	-0.1	-1.0	-0.5	1.4	-1.4	13.6	-0.1	7.4
February	3.6	8.9	1.5	5.5	-0.1	13.3	9.3	6.6
March	7.7	5.6	8.6	11.1	4.6	33.0	6.3	3.0
April	-3.4	-2.3	-5.2	-6.4	-4.2	3.8	2.0	3.6

Source: ECLAC, on the basis of figures supplied by the National Institute of Statistics, Geography and Computer Science.
[a] Derived on the basis of the index of the volume of industrial production, with respect to the same period of the preceding year.

Table 3
MEXICO: RATES OF OPEN UNEMPLOYMENT
(Monthly averages)

	1991				1992			
	Average of 16 cities [a]	Mexico City	Guadalajara	Monterrey	Average of 16 cities [a]	Mexico City	Guadalajara	Monterrey
January	2.8	3.0	2.0	3.5	2.8	3.4	2.9	2.7
February	2.5	2.3	2.5	4.5	3.3	3.9	3.7	2.8
March	2.9	3.3	1.8	2.8	2.6	2.9	2.7	3.7
April	2.6	2.9	2.1	3.7	2.8	3.5	2.5	2.7
May	2.3	2.6	1.3	3.7				
June	2.1	2.5	1.9	1.9				
July	2.7	2.9	2.5	3.3				
August	3.2	3.4	3.4	3.9				
September	3.1	3.5	3.1	4.0				
October	3.2	3.6	3.6	4.0				
November	2.7	3.0	2.5	4.3				
December	2.2	2.5	2.8	2.4				

Source: BCLAC, on the basis of figures supplied by the Banco de México and the National Institute of Statistics, Geography and Computer Science.
[a] Includes Mexico City, Guadalajara, Monterrey, Chihuahua, León, Mérida, Orizaba, Puebla, San Luis de Potosí, Tampico, Torreón, Veracruz, Ciudad Juárez, Matamoros, Nuevo Laredo, and Tijuana.

Table 4
MEXICO: PRICE INDEXES
(Percentage variation)

	National consumer price index						National wholesale price index					
	1991			1992			1991			1992		
	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.
January	2.5	2.5	27.1	1.8	1.8	17.9	0.4	0.4	25.7	1.4	1.4	12.1
February	1.7	4.3	26.5	1.2	3.0	17.3	0.3	0.7	23.2	1.2	2.6	13.1
March	1.4	5.8	26.0	1.0	4.1	16.8	1.3	2.0	23.9	1.2	3.8	13.0
April	1.0	6.9	25.5	0.9	5.0	16.6	1.0	3.0	24.3	1.3	5.2	13.3
May	1.0	8.0	24.5	0.7	5.7	16.3	1.0	4.0	24.1	1.1	6.3	13.4
June	1.0	9.1	23.1	0.7	6.4	15.8	1.2	5.3	23.9	0.9	7.2	13.1
July	0.9	10.1	22.0	0.6	7.0	15.5	1.4	6.7	22.0	0.7	8.0	12.3
August	0.7	10.8	20.8				0.7	7.4	16.6			
September	1.0	11.9	20.2				1.0	8.5	13.5			
October	1.2	13.3	19.9				1.3	9.9	13.7			
November	2.5	16.1	19.7				0.3	10.2	12.1			
December	2.4	18.8	18.8				0.7	11.0	11.0			

Source: BCLAC, on the basis of figures supplied by the Banco de México.

Table 5
MEXICO: NOMINAL AND REAL WAGE INDEX

	Indexes [a]				Percentage variation in real wages [b]	
	Nominal		Real			
	Minimum wage [c]	Manufacturing sector wage	Minimum wage [c]	Manufacturing sector wage	Minimum wage [c]	Manufacturing sector wage
1991						
January	10 422.8	145.0	39.3	99.2	-8.8	4.1
February	10 422.8	146.7	38.5	98.7	-8.1	4.6
March	10 422.8	156.3	37.8	103.8	-8.0	3.9
April	10 422.8	155.0	37.3	101.8	-8.1	3.5
May	10 422.8	164.6	36.9	107.0	-7.8	5.4
June	10 422.8	163.3	36.5	104.9	-6.4	6.1
July	10 422.8	168.3	36.2	107.1	-5.0	8.6
August	10 422.8	170.2	36.0	107.7	-3.5	7.8
September	10 422.8	169.5	35.8	106.5	-2.7	8.8
October	10 422.8	175.1	35.4	108.9	-2.2	9.3
November	11 258.6	177.6	37.4	107.9	-2.6	6.7
December	11 676.5	250.5	38.0	148.5	-5.5	10.1
1992						
January	11 676.5	182.2	37.4	106.2	-4.8	7.1
February	11 676.5	186.5	37.0	107.6	-3.9	9.0
March	11 676.5		36.7		-2.9	
April	11 676.5		36.3		-2.7	
May	11 676.5		36.2		-1.9	
June	11 676.5		36.0		-1.4	

Source: ECLAC, on the basis of figures supplied by the Banco de México and the National Institute of Statistics, Geography and Computer Science.
[a] Base for minimum wage index is 1978=100; base for manufacturing sector wage index is 1989=100. [b] Variation with respect to the preceding year. [c] Minimum wage excludes benefits.

Table 6
MEXICO: TRADE BALANCE

	Millions of dollars						Percentage variation [a]			
	Exports FOB [b]		Imports FOB		Balance		Exports [b]		Imports	
	Month	Year	Month	Year	Month	Year	Month	Year	Month	Year
1991										
January	2 325	2 325	2 877	2 877	-552	-552	8.6	8.6	32.4	32.4
February	2 026	4 351	2 659	5 536	-634	-1 185	1.0	5.0	33.8	33.0
March	2 121	6 472	2 693	8 229	-571	-1 757	3.5	4.5	16.3	27.1
April	2 366	8 838	3 227	11 456	-861	-2 618	37.7	11.7	52.7	33.4
May	2 379	11 217	3 165	14 621	-786	-3 405	27.5	14.7	24.7	31.4
June	2 250	13 467	3 083	17 704	-834	-4 237	23.2	16.0	21.1	29.5
July	2 242	15 709	3 408	21 112	-1 166	-5 403	13.5	15.7	24.9	28.7
August	2 218	17 927	3 243	24 355	-1 025	-6 428	-7.3	12.2	14.5	26.6
September	2 225	20 152	3 085	27 440	-861	-7 288	-16.1	8.2	14.9	25.2
October	2 467	22 619	3 567	31 007	-1 100	-8 388	-16.4	4.8	8.3	23.0
November	2 304	24 923	3 574	34 581	-1 270	-9 658	-15.9	2.5	21.6	22.8
December	2 200	27 123	3 605	38 186	-1 405	-11 063	-12.8	1.1	15.5	22.1
1992										
January	2 110	2 110	3 319	3 319	-1 209	-1 209	-9.2	-9.2	15.4	15.4
February	2 108	4 218	3 464	6 783	-1 356	-2 565	4.0	-3.1	30.3	22.5
March	2 290	6 508	3 725	10 508	-1 435	-4 000	8.0	0.6	38.3	27.7
April	...	...	...	...	...	...	...	...	...	...
May	...	11 259 [c]	...	18 844 [c]	...	-7 585	...	0.4 [c]	...	28.9 [c]

Source: ECLAC, on the basis of figures from the Banco de México.
[a] With respect to the same period of the preceding year. [b] Excludes in bond assembly industry *(maquiladora)*. [c] Provisional figures.

Table 7
MEXICO: EXPORT STRUCTURE
(Cumulative figures in millions of dollars)

	Oil		Non-oil								Percentage variation [a]	
			Total		Agricultural		Mining		Manufacturing			
	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992	Oil	Non-oil
January	796	610	1 530	1 500	281	229	59	34	1 190	1 237	-23.4	-2.0
February	1 411	1 152	2 941	3 066	582	464	107	61	2 252	2 541	-18.4	4.3
March	2 028	1 764	4 445	4 744	894	681	147	87	3 404	3 976	-13.0	6.7
April	2 689	...	6 150	...	1 178	...	195	...	4 777	...	...	...
May	3 379	3 193 [b]	7 839	8 066 [b]	1 422	1 162 [b]	25	...	6 161	6 825 [b]	-5.5 [b]	2.9 [b]
June	4 033		9 434		1 609		312		7 513			
July	4 740		10 968		1 732		364		8 872			
August	5 447		12 478		1 805		401		10 272			
September	6 155		13 995		1 882		447		11 666			
October	6 921		15 697		1 977		480		13 240			
November	7 561		17 360		2 159		522		14 679			
December	8 166		18 955		2 373		547		16 035			

Source: ECLAC, on the basis of figures from the Banco de México.
[a] With respect to the same period of the preceding year. [b] Provisional figures.

Table 8
MEXICO: IMPORT STRUCTURE
(Cumulative figures in millions of dollars)

	Consumer goods		Intermediate goods		Capital goods		Annual percentage variation [a]		
	1991	1992	1991	1992	1991	1992	Consumer goods	Intermediate goods	Capital goods
January	465	508	1 800	2 053	612	758	9.3	14.1	23.8
February	888	1 038	3 469	4 155	1 180	1 591	17.0	19.8	34.8
March	1 270	1 557	5 207	6 471	1 751	2 480	22.6	24.3	41.6
April	1 741	...	7 273	...	2 441	...	...	...	...
May	2 167	2 831 [b]	9 323	11 703 [b]	3 130	4 310 [b]	30.7 [b]	25.5 [b]	37.7 [b]
June	2 530		11 279		3 895				
July	2 962		13 514		4 635				
August	3 414		15 582		5 357				
September	3 868		17 560		6 011				
October	4 420		19 838		6 747				
November	4 999		21 985		7 596				
December	5 639		24 074		8 471				

Source: ECLAC, on the basis of figures from the Banco de México.
[a] With respect to the same period of the preceding year. [b] Provisional figures.

Table 9
MEXICO: EXCHANGE RATE

	Official exchange rate (Pesos per dollar)				Adjusted real exchange rate (Index 1985=100) [a]			
	Floating		Regulated [b]		Floating		Regulated [b]	
	1991	1992	1990	1991	1991	1992	1990	1991
January	2 951	3 077	2 656	2 947	74.0	67.1	90.9	89.2
February	2 963	3 080	2 675	2 959	73.1	66.6	89.1	88.2
March	2 974	3 082	2 715	2 970	72.5	66.3	88.7	87.4
April	2 986	3 083	2 745	2 983	72.2	65.9	88.2	87.0
May	2 999	3 089	2 775	2 995	72.0	65.8	88.1	86.8
June	3 011	3 092	2 802	3 007	71.8	65.2	86.9	86.5
July	3 023	3 094	2 827	3 019	71.5	65.1	86.1	86.2
August	3 036		2 852	3 032	71.5		87.0	86.2
September	3 048		2 876	3 044	71.4		87.9	86.1
October	3 060		2 900	3 056	70.9		89.2	85.6
November	3 070		2 922	3 064	69.6		87.0	83.9
December	3 073		2 934	[b]	68.1		83.7	[b]

Source: ECLAC, on the basis of figures supplied by the Banco de México and the International Monetary Fund, International Financial Statistics.
[a] Index of nominal exchange rate deflated by the consumer price index and adjusted by the United States consumer price index. [b] In November 1991, the monetary authority abolished the "regulated" exchange rate.

Table 10
MEXICO: MAIN OPERATIONS OF THE CONSOLIDATED PUBLIC SECTOR
(Cumulative figures in billions of pesos)

	Income			Expenditure			Deficit [a]
	Total	Federal government	PEMEX	Total	Federal government	PEMEX	
1991							
March	59.1	43.6	14.6	51.3	35.6	14.5	6.3
June	126.2	88.1	28.1	106.2	70.8	22.3	17.0
September	192.3	133.9	41.5	162.7	105.7	42.1	26.8
December	260.1	177.6	56.6	232.1	148.4	57.5	25.2
1992							
March	76.1	55.1	13.9	57.9	38.5	14.9	19.5
June [b]	148.6	110.4	...	112.3	74.4	...	40.4
	Percentage variation [c]						
1991							
March	29.9	56.8	28.1	2.4	2.9	20.8	
June	36.3	58.2	28.9	6.3	6.6	1.8	
September	35.2	58.5	23.1	8.3	8.9	25.7	
December	27.8	50.9	9.3	6.0	8.2	18.1	
1992							
March	28.8	26.4	-4.8	12.9	8.1	2.8	
June [b]	21.2	25.7	...	11.6	10.2	...	

Source: ECLAC, on the basis of figures from the Banco de México.
[a] Includes differences in sources of financing; therefore, it does not always reflect the difference between income and expenditure. [b] Figures are not entirely comparable to those of previous quarters, as they are provided by the Ministry of Finance and Official Credit, which uses a different format. [c] With respect to the same period of the preceding year.

Table 11
MEXICO: MONETARY AGGREGATES
(Balance at end of period)

	Billions of pesos					Percentage variation [a]				
	Monetary base	M1 [b]	M2	M3	M4	Monetary base	M1 [b]	M2	M3	M4
1990										
December	31.1	51.0	182.8	258.0	296.4	35.6	62.6	45.9	41.0	46.3
1991										
January	27.7	47.3	178.4	257.3	314.2	39.4	69.3	49.6	41.5	47.6
February	28.8	48.3	183.2	263.4	326.3	45.1	68.6	54.7	40.7	47.8
March	29.7	50.6	190.4	267.7	336.9	44.0	71.6	56.8	38.5	45.9
April	29.6	51.8	195.6	276.8	339.6	38.5	66.3	54.0	37.7	46.3
May	30.0	54.7	205.7	282.0	345.8	39.9	71.0	57.2	35.0	45.7
June	30.3	55.7	210.3	279.9	351.2	41.2	65.9	57.2	31.4	43.4
July	29.0	54.3	212.7	280.9	346.3	30.9	66.7	56.6	28.0	41.1
August	31.0	57.9	228.3	281.9	360.2	47.4	78.0	64.2	25.6	42.6
September	29.1	66.3	221.1	275.7	375.1	34.0	97.2	51.8	21.3	34.7
October	31.7	94.3	249.9	293.5	360.2	34.7	140.1	61.3	24.7	34.7
November	32.3	100.8	253.5	305.4	376.6	26.2	128.7	53.9	24.1	33.6
December	39.7	111.6	268.3	317.6	388.0	28.0	120.0	47.2	23.3	30.9
1992										
January	35.0	106.0	264.8	314.6	387.2	26.7	123.9	48.4	22.2	29.7
February	34.1	104.2	265.2	315.5	390.4	18.4	115.7	44.8	19.8	27.2
March	34.5	102.9	270.3	313.6	392.0	16.2	102.8	42.0	17.1	24.8
April	36.1	104.3	273.2	319.1	399.1	22.0	101.4	39.7	15.3	22.3

Source: ECLAC, on the basis of figures supplied by the Banco de México.

Note: M1 = Currency (notes and coins) in circulation plus local and foreign currency demand deposit accounts. M2 = M1 plus negotiable bank paper with a term of up to one year and banker's acceptances. M3 = M2 plus negotiable non-bank paper with a term of up to one year (Treasury certificates, Federal government bonds, development bonds and commercial paper). M4 = M3 plus long-term financial instruments (over one year).

[a] With respect to the same period of the preceding year. [b] As of September 1991, includes full-service interest-bearing accounts.

Table 12
MEXICO: ANNUAL INTEREST RATES ON DEPOSITS
(Nominal rates)

	Average cost of procuring funds			Time deposits 30 to 85 days			Treasury certificates 90 days		
	1990	1991	1992	1990	1991	1992	1990	1991	1992
January	42.1	27.1	19.0	32.1	20.8	13.8	40.3	23.9	15.8
February	44.9	25.7	18.2	32.6	20.0	13.4	43.1	23.3	15.1
March	47.2	24.3	16.6	32.9	18.6	10.7	45.2	22.5	11.7
April	47.2	23.6	15.8	32.5	17.9	10.5	44.3	21.4	11.9
May	42.6	23.1	15.6	29.5	16.8	...	38.0	20.2	13.1
June	35.2	21.8	16.0	26.9	14.5	...	33.3	18.5	14.8
July	33.1	21.0		26.1	15.4		31.8	18.6	
August	31.3	20.6		25.6	14.4		30.5	17.7	
September	31.1	21.7		26.0	15.1		31.6	18.7	
October	31.5	21.3		25.5	15.7		30.3	18.4	
November	29.6	20.5		22.4	14.9		26.3	17.2	
December	29.2	20.0		22.6	14.7		25.8	17.3	

Source: ECLAC, on the basis of figures from the Banco de México.

PERU

The Peruvian economy suffered a generalized setback in 1992, with a drop in production, a crisis in the financial system and a deterioration of the trade balance, along with a deadlock in negotiations with external creditors as a result of the institutional collapse in April. The latter also led to a decrease in the disbursements which Governments and international agencies had previously agreed to make, as Peru made laborious efforts to reintegrate itself into the financial system.

Tight monetary restriction, high domestic interest rates and a sluggish exchange rate continued to make themselves felt in the first quarter of 1992. Those policies successfully curbed inflation, but at the cost of a sharp contraction of the domestic market and a deterioration of international competitiveness. The drop in sales in the initial months of the year combined with high financial costs seriously undermined the capacity of enterprises to pay their debts, setting off a chain reaction that destabilized the financial system, especially the non-banking sector comprised of mutual societies and cooperatives. Delinquency in debt payments and monetary stringency simultaneously pushed interest rates up, making the entire financial system more vulnerable. Halfway through the third quarter, 19 institutions had been taken over by the State or were in the process of liquidation, not counting four State development banks closed by the Government.

The political uncertainty caused by the events in April shook the confidence of savers, unleashing a run on bank deposits in foreign currency and depleting the Central Bank's international reserves by over US$200 million. However, these reserves began to be recovered in the following months, so that even though net reserves in June were US$45 million below their March level, this amount was US$770 million higher than the December 1991 level. It should be noted, however, that a good part of the Central Bank's reserves consist of mandatory reserves on deposits in foreign currency, which makes them highly vulnerable.

Against the new political backdrop, changes were announced in the objectives and instruments of monetary management. Thus, in May the Central Bank began to intervene actively in the exchange market, setting the purchase price of foreign currency in advance. The issue target was replaced by set intervals for the creation of money, to avoid subsequent increases in the exchange rate. Still, the monetary base continued to expand at a rate of nearly 15% per quarter. The reorientation of monetary policy and the conversion of the deposits of the non-banking financial system into foreign exchange enabled the real exchange rate to rise again starting in April, so that by June it had returned to its level of the beginning of the year.

The worsening slippage of the exchange rate in the first quarter hampered the flow of exports, which fell 2% in this period with respect to the same period in 1991. Conversely, the lowering of import prices caused imports to expand rapidly, on the order of 40%. As a result, the trade balance in the first quarter accumulated a deficit of over US$200 million, contrasting with the surplus obtained in the same period the preceding year.

In a context of bloated real interest rates on loans, measures concerning reserve requirements were adopted. Thus, early in the year, banking legislation was amended to provide that the reserve requirement for reserves in foreign currency be equal to the LIBOR rate. In addition, the average rate of reserves on deposits in local currency was reduced from 23% to 21%, and the marginal reserve requirement of 5% was eliminated. The official commercial banking system decreased its interest rates on deposits in *soles*. However, real lending rates hovered around 60% annually. In turn, the existence of nominal borrowing rates on the order of 80% per annum meant that, as a result of the revaluation of local currency by about 2% a

month, the equivalent rate in dollars exceeded 100% annually in the first quarter of 1992. In the second quarter, however, a 23% devaluation pushed the rate down to a negative figure.

The crisis in the financial system, the credit squeeze, exorbitant financial costs and public spending cuts all affected the level of economic activity. In the first half of the year, GDP deteriorated by barely 1% with respect to the same period in 1991, but was 7% below the level reached at the end of that year. The activities hit hardest in the first quarter of 1992 were fishing (-22%), basically owing to the effects of "El Niño", and trade (-12%). In the second quarter, nearly all sectors suffered a deterioration in output.

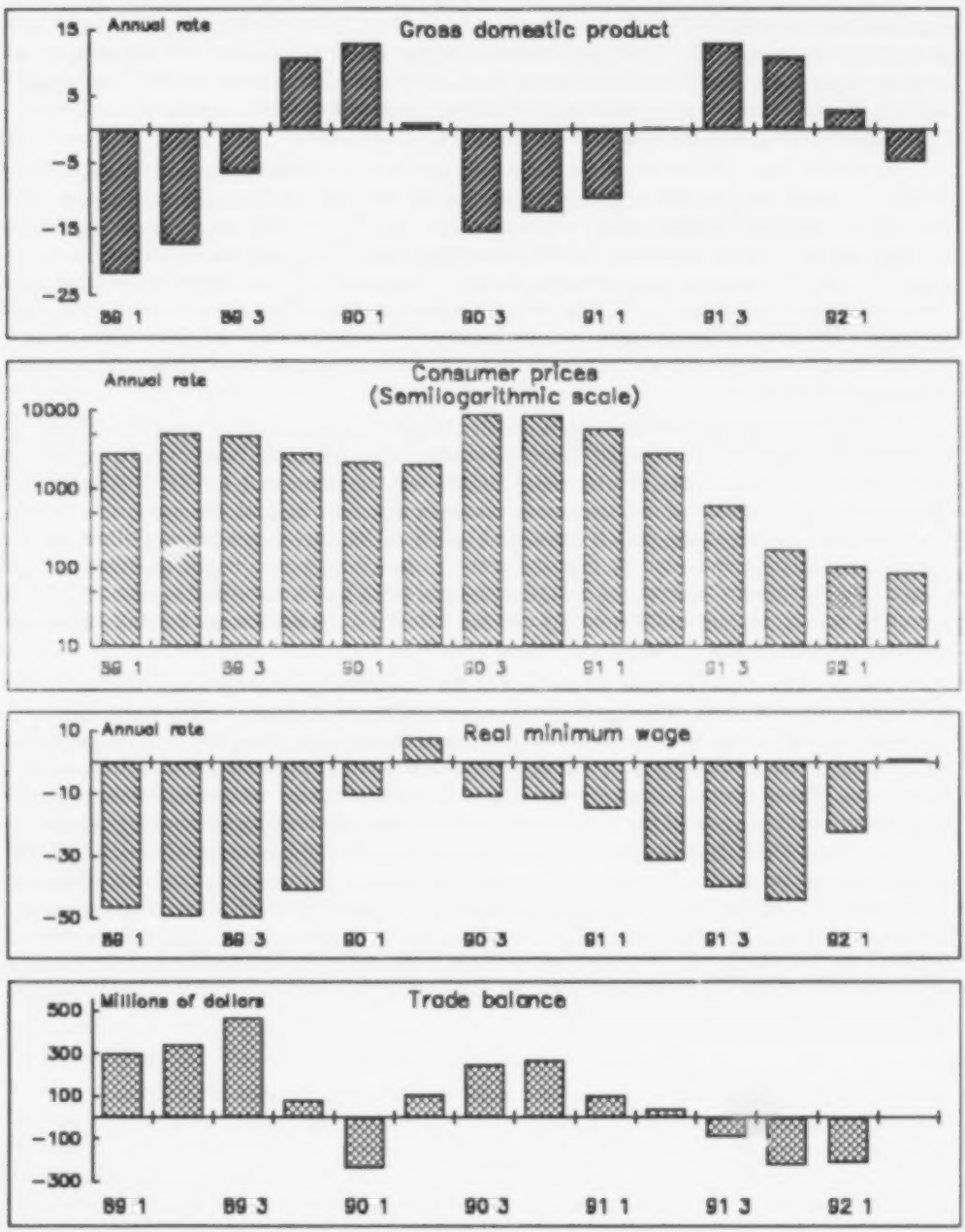
In late February, following discussions with IMF, the authorities announced a tax package aimed at raising tax receipts significantly during the first half of 1992. The most important measure consisted of increasing the general sales tax from 16% to 18% and making it applicable to many agricultural products and staple foods which had previously been exempt. Taxes on rates for various public services were also raised, and tax exemptions in forest and border areas were eliminated. In addition, a 20% tax was levied on interest collected on deposits in foreign currency. The mere announcement of this package prompted a wave of price hikes, which pushed the CPI up 7% in March. However, the only measure actually applied was the increase in the general sales tax.

Fuel prices and government rate schedules began to be adjusted on a monthly basis, so that the declining trend observed since November was reversed. Moreover, a policy of pre-announced adjustments of electricity tariffs was implemented for July, August and September. As a result of the measures taken in the first half of the year, the central Government's accumulated deficit amounted to 8% of its total expenditure. Following the upsurge in inflation recorded in the first quarter, and in response to the deterioration of production, the rate of increase of overall consumer price levels stabilized at around 3.5% a month until July; in August the monthly rate fell below 3%, so that the accumulated increase in the 12 months ending in August amounted to 62%.

The express condemnation, on the part of the Governments and agencies making up the so-called Support Group, of the institutional upheaval that took place in early April, deprived the Peruvian authorities of a considerable portion of the external financing they had counted on. To narrow the resulting gap, it was decided to accelerate the privatization of State-owned enterprises. These operations have been linked to the conversion of external debt paper to investment, and form part of the negotiations with the international private banking system. In mid-June the World Bank decided to grant Peru a US$400 million credit, of which US$300 million was to be used to update the country's delinquent payments to the institution; the remaining US$100 million would help finance the Government's privatization programme. The institution also guaranteed a US$280 million loan for the privatization of the State-owned fishing industry. Meanwhile, negotiations with IDB at the end of the first half of the year focused on the normalization of agreed disbursements, facilitating the outlay of close to US$430 million of the almost US$1.3 billion approved.

Figure 1

PERU: QUARTERLY EVOLUTION OF THE MAIN ECONOMIC INDICATORS



Source: ECLAC, on the basis of official data.

Table 1
PERU: GROSS DOMESTIC PRODUCT, SEASONALLY ADJUSTED

	Index August 1990=100 [a]						Percentage variation				
							1992				
	1991				1992		12 months [b]			Year [c]	
	I	II	III	IV	I	II	I	II	I+II	I	II
Total	**106**	**112**	**114**	**115**	**109**	**107**	**2.9**	**-4.9**	**-1.1**	**-5.5**	**-7.4**
Agriculture	107	107	104	107	107	97	-0.1	-9.3	-4.7	0.2	-9.0
Fishing	76	86	47	69	54	63	-29.6	-26.3	-27.8	-22.2	-8.2
Mining	91	96	96	92	86	88	-5.7	-8.2	-7.0	-7.1	-4.8
Manufacturing	123	128	128	128	121	116	-1.0	-9.9	-5.6	-5.3	-9.6
Construction	160	174	192	186	192	174	19.5	0.2	9.5	3.0	-6.3
Commerce	101	117	131	124	109	112	8.5	-4.1	1.7	-12.2	-9.6
Other	102	115	120	115	107	111	4.4	-4.0	-0.1	-7.4	-4.1

Source: IICLAC, on the basis of figures supplied by the National Institute of Statistics and the Central Reserve Bank of Peru.
[a] Quarterly averages, seasonally adjusted. [b] Variation with respect to the same period of the preceding year. [c] Variation with respect to the final quarter of 1991.

Table 2
PERU: AGRICULTURAL PRODUCTION

	Thousands of metric tons						Percentage variation [b]		
	1991				1992 [a]		1992		
	I	II	III	IV	I	II	I	II	I+II
Crop-farming									
Potatoes	305	859	128	159	227	486	-25.7	-43.4	-38.7
Rice	79	343	335	57	94	348	20.0	1.4	4.9
Cotton	10	104	60	2	11	59	14.1	-43.9	-38.8
Maize	124	259	192	92	72	72	-41.8	-72.2	-62.4
Sugar	1 429	1 187	1 738	1 638	1 273	1 016	-10.9	-14.4	-12.5
Coffee	6	54	23	-	6	57	-	6.2	4.7
Wheat	2	42	62	22	1	15	-30.0	-63.8	-62.2
Stock-raising									
Poultry	65	68	74	85	78	80	19.8	16.8	18.3
Beef	25	30	29	26	26	28	1.6	-8.6	-4.0
Pork	17	17	17	17	19	19	11.6	9.2	10.4
Mutton	3	5	5	4	5	5	62.1	-3.8	19.8
Milk	208	208	189	181	207	194	-0.3	-7.1	-3.7
Eggs	30	30	29	29	26	26	-10.8	-11.1	-11.0

Source: IICLAC, on the basis of figures supplied by the Central Reserve Bank of Peru.
[a] Provisional figures. [b] With respect to the same period of the preceding year.

Table 3
PERU: INDUSTRIAL PRODUCTION

	Index August 1990=100			Percentage variation					
				1991			1992		
	1990	1991	1992	Month	12 Ms.[a]	Year[b]	Month	12 Ms.[a]	Year[b]
January	151.2	138.0	133.2	5.1	-8.7	-8.7	0.5	3.6	-3.5
February	141.0	126.5	123.7	-8.3	-10.3	-9.5	-7.1	2.3	-2.9
March	142.9	128.1	132.1	1.2	-10.3	-9.8	6.8	-3.0	-0.9
April	125.4	137.2	119.4	7.1	9.4	-5.5	-9.6	14.9	-4.0
May	138.7	143.2	131.1	4.4	3.2	-3.8	9.8	9.2	-5.0
June	130.4	133.3	122.8	-6.9	2.7	-2.8	-6.3	8.6	-5.5
July	121.5	135.2	1.4	11.3	-1.0				
August	100.0	129.1	-4.5	29.1	1.8				
September	81.3	124.7	-3.4	53.3	5.5				
October	104.6	134.3	7.7	28.4	7.5				
November	128.6	136.4	1.6	6.1	7.3				
December	131.3	132.6	-2.8	1.0	6.8				

Source: ECLAC, on the basis of figures supplied by the Ministry of Industry, National Commerce, Tourism and Integration, Office of Sectoral Statistics.
[a] With respect to the same month of the preceding year. [b] Variation of the average cumulative index compared with the same period of the preceding year.

Table 4
PERU: EMPLOYMENT IN THE LIMA METROPOLITAN AREA
(Index August 1990=100)[a]

	Manufacturing			Commerce			Services		
	1990	1991	1992	1990	1991	1992	1990	1991	1992
I	104.4	97.6	89.2	102.3	94.3	79.4	100.4	98.0	86.9
II	102.6	96.6	87.9	100.8	92.0	79.2	99.3	96.3	84.7
III	99.6	95.5		99.1	89.1		100.5	92.6	
IV	96.2	92.4		93.4	84.1		99.3	89.4	

Source: ECLAC, on the basis of figures supplied by the Ministry of Labour and Social Welfare, Department of Employment.
[a] Quarterly averages.

Table 5
PERU: CONSUMER PRICE INDEX
(Percentage variation)

	1990			1991			1992		
	Month	Year	12 Ms.	Month	Year	12 Ms	Month	Year	12 Ms.
January	29.8	29.8	2 433.9	17.8	17.8	6 932.4	3.5	3.5	110.2
February	30.5	69.5	2 221.2	9.4	28.9	5 795.1	4.7	8.4	101.1
March	32.6	124.8	2 068.4	7.7	38.9	4 686.5	7.4	16.5	100.7
April	37.3	208.7	1 903.1	5.8	47.0	3 589.8	3.7	20.2	95.7
May	32.8	309.9	1 968.1	7.6	58.2	2 891.0	3.4	24.4	88.0
June	42.6	484.4	2 296.4	9.3	72.8	2 191.9	3.6	28.8	78.3
July	63.2	854.0	3 039.9	9.1	88.5	1 431.5	3.5	33.3	69.2
August	397.0	4 641.2	12 377.8	7.2	102.1	230.4	2.8	37.0	62.2
September	13.8	5 294.1	11 089.9	5.6	113.4	206.6			
October	9.8	5 812.8	9 851.9	4.0	121.8	190.7			
November	5.9	6 163.5	8 277.4	4.0	130.6	185.3			
December	23.7	7 649.6	7 649.6	3.0	139.2	139.2			

Source: ECLAC, on the basis of figures supplied by the National Institute of Statistics of Peru.

Table 6
PERU: REAL SALARIES AND WAGES
(Index August 1990=100)

	Private sector [a]				Legal minimum wage		Percentage variation [b]		
	Salaries		Wages				1992		
	1991	1992	1991	1992	1991	1992	Month [c]	Year [d]	12 Ms. [c]
January					123.3	58.7	-3.3	-52.4	-52.4
February	195.8	210.3	204.5	233.0	112.7	106.2	81.0	-30.1	-5.8
March					104.7	98.8	-7.0	-22.6	-5.6
April	193.5	204.9	202.1	220.0	98.9	95.8	-3.0	-18.2	-3.2
May					92.0	92.6	-3.3	-15.0	0.7
June	197.0		216.7		84.1	89.4	-3.5	-12.1	6.3
July					77.1	86.4	-3.4	-9.4	12.0
August	197.4		193.4		71.9				
September					68.1				
October	206.5		221.6		65.4				
November					62.9				
December	206.3		222.9		60.7				

Source: ILAC, on the basis of figures supplied by the National Institute of Statistics of Peru.
[a] The base was taken as from February 1986, which was when the new methodology for the Survey of Salaries and wages began to be used. [b] Of legal minimum wage. [c] With respect to the preceding month. [d] Percentage variation in average cumulative index with respect to the same period of the preceding year. [e] With respect to the same month of the preceding year.

Table 7
PERU: EXCHANGE RATE
(New sales per dollar) [a]

	Official		Floating		Adjusted real rate [b] (Index 1985=100)			
					Official		Floating	
	1991	1992	1991	1992	1991	1992	1991	1992
January	0.53	0.99	0.54	0.99	26.9	24.7	24.1	21.8
February	0.55	0.97	0.55	0.97	25.6	23.2	22.5	20.5
March	0.56	0.96	0.56	0.96	24.2	21.5	21.3	18.8
April	0.63	1.02	0.63	1.03	25.8	22.1	22.7	19.7
May	0.79	1.13	0.80	1.14	30.1	23.8	26.9	21.0
June	0.85	1.18	0.85	1.18	29.8	24.0	26.2	21.1
July	0.82		0.82		26.3		23.2	
August	0.80		0.80		24.0		21.2	
September	0.80		0.80		22.9		20.1	
October	0.92		0.92		25.3		22.3	
November	1.02		1.02		27.1		23.8	
December	1.00		1.01		25.8		22.8	

Source: ILAC, on the basis of figures supplied by the Central Reserve Bank of Peru and the International Monetary Fund.
[a] The new sol, the local unit of currency, was introduced on 1 July 1991. It is equivalent to one million *intis*. [b] Index of the nominal exchange rate deflated by the consumer price index and adjusted by the United States wholesale price index.

Table 8
PERU: OFFICIAL INTERNATIONAL RESERVES
(Millions of dollars)

	Net international reserves			Gross international reserves		
	1990	1991	1992	1990	1991	1992
March	-37	499	2 115	1 150	1 613	3 698
June	-143	754	2 073	1 113	1 930	3 677
September	427	944		1 761	2 052	
December	531	1 304		1 801	2 638	

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of Peru.

Table 9
PERU: TRADE BALANCE

	Millions of dollars						Percentage variation [a]			
	Exports FOB		Imports FOB		Trade balance		Exports		Imports	
	Quarter	Year	Quarter	Year	Quarter	Year	Quarter	Year	Quarter	Year
1990										
I	779	779	1 017	1 017	-238	-238	-4.3	-4.3	97.9	97.9
II	739	1 518	627	1 644	112	-126	-18.4	-11.7	11.4	52.6
III	913	2 431	665	2 309	248	122	-1.7	-8.2	44.9	50.3
IV	845	3 276	576	2 885	269	391	0.7	-6.1	-23.7	25.9
1991										
I	833	833	729	729	104	104	6.9	6.9	-28.3	-28.3
II	894	1 727	850	1 579	44	148	21.0	13.8	35.6	-4.0
III	826	2 553	919	2 498	-93	55	-9.5	5.0	38.2	8.2
IV	776	3 329	996	3 494	-220	-165	-8.2	1.6	72.9	21.1
1992 [b]										
I	813	813	1 026	1 026	-213	-213	-2.4	-2.4	40.7	40.7

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of Peru and the Institute of Foreign Trade.
[a] With respect to the same period of the preceding year. [b] Provisional figures.

Table 10
PERU: EXPORTS STRUCTURE, FOB

	Millions of dollars					Percentage variation [a]
	1991				1992 [b]	1992
	I	II	III	IV	I	I
Total	**833**	**894**	**826**	**776**	**813**	**-2.4**
Traditional	**614**	**650**	**577**	**537**	**598**	**-2.6**
Mining	352	406	352	364	381	8.2
Petroleum and petroleum-products	49	37	35	48	37	-24.5
Agricultural	45	36	90	39	23	-48.9
Fishery prod.	152	155	84	77	145	-4.6
Other	16	15	15	11	12	-25.0
Non- traditional	**219**	**244**	**249**	**239**	**215**	**-1.8**

Source: ECLAC, on the basis of figures supplied by the Ministry of the Economy and Finance, Department of Informatics and Statistics, and the Institute of Foreign Trade.
[a] With respect to the same period of the preceding year. [b] Provisional figures.

Table 11
PERU: IMPORT STRUCTURE, FOB

	Millions of dollars					Percentage variation[a]
	1991				1992[b]	1992
	I	II	III	IV	I	I
Total	**729**	**850**	**919**	**996**	**1 026**	**40.7**
Consumer goods	119	151	175	194	230	93.3
Inputs	365	390	411	430	105	-71.2
Capital goods	168	232	252	282	285	69.6
Miscellaneous and adjustments	76	78	81	90	105	38.2

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of Peru and the Institute of Foreign Trade.
[a] With respect to the same period of the preceding year. [b] Provisional figures.

Table 12
PERU: MONETARY AGGREGATES

	Millions of new *soles*[a][b]						Percentage variation[c]	
	1991				1992		1992	
	I	II	III	IV	I	II	I	II
Monetary base	520	599	722	832	899	1 038	72.8	73.2
Liquidity	1 532	2 518	3 068	4 040	4 406	4 919	187.6	95.4
Local currency	792	1 040	1 331	1 628	1 820	1 908	129.8	83.5
Money	439	559	645	891	935	970	113.0	73.5
Near money	352	482	686	737	884	938	151.1	94.6
Foreign currency	741	1 478	1 737	2 413	2 587	3 076	249.1	108.1

Source: ECLAC, on the basis of figures supplied by the Central Reserve Bank of Peru.
[a] Figures at end of period. [b] The new *sol*, the local unit of currency, was introduced on 1 July 1991. It is equivalent to one million *intis*. [c] With respect to the same period of the preceding year.

Table 13
PERU: CENTRAL GOVERNMENT INCOME AND EXPENDITURE
(Millions of new soles)[a]

	1991[b]		1992[b]	
	I	I+II	I	I+II
Current income	522	1 172	1 083	2 341
Current expenditure	471	1 032	958	2 182
Savings on current account	51	139	125	159
Capital expenditure	70	154	103	340
Surplus or deficit (-)	-19	-15	25	-181

Source: Central Reserve Bank of Peru.
[a] The new *sol*, the local unit of currency, was introduced on 1 July 1991. It is equivalent to one million *intis*. [b] Provisional figures.

Table 14
PERU: INTEREST RATES[a]

	1991				1992	
	I	II	III	IV	I	II
Real interest rate on loans[b]	191.6	188.4	172.7	122.1	57.6	62.8
Real interest rate on deposits[c]	-21.7	25.6	23.0	20.5	-5.7	3.7
Equivalent rate on deposits in dollars[d]	133.5	-43.3	264.7	-25.5	111.4	-32.8

[a] Annualized quarterly rates. [b] Average interest rate weighted according to commercial bank loan balances. [c] Rate on 31 to 179-day time deposits. [d] Interest rate on deposits deflated by the market devaluation rate.

URUGUAY

The Uruguayan economy made further progress in its battle against inflation in the first half of 1992. In the context of a financially balanced, consolidated public sector and highly indexed domestic price formation, the more moderate increase in State-regulated prices (exchange rate, fuel, public services and government wages) in turn slowed down the rate of inflation. Even though the merchandise trade balance posted a deficit, the Central Bank's net international reserves increased as imports rose rapidly. The growth rate of gross domestic product, meanwhile, went up in almost all production sectors; services remained in the lead but, unlike the previous year, the production of goods also increased in the early months of 1992.

As in 1991, government accounts remained virtually in balance, since the central government surplus combined with that of public enterprises more or less offset the Central Bank's quasi-fiscal deficit. Tax receipts once again increased in real terms (4%) though it lagged slightly behind expenditures (5%). Greater tax receipts from domestic transactions more than compensated for the drop in revenues from foreign trade. Although imports soared, the lower tariffs established in September 1991 and April 1992 and the more moderate rise of the dollar against the peso eroded the domestic purchasing power of levies on foreign trade. On the other hand, the greater volume of transactions meant that more was collected in domestic taxes. Lower real interest payments on the external debt and a decrease in central government investment (-12% and -16%, respectively) were pivotal in moderating public expenditure. Social insurance payments, on the other hand, went up by more than 20% in real terms, outstripping total payroll expenditures, which rose by 3% in constant terms. At the same time, public enterprises again registered a surplus.

The balance of payments was favourable in both the current account and capital accounts. Although the merchandise visible trade balance was slightly negative, the Central Bank gained US$126 million in reserves, whereas Eurobond sales brought in around US$100 million. The first half of 1992 saw a number of outstanding developments in the external sector. First, the increase in merchandise exports to Argentina turned it into the leading customer abroad; moreover, there arose a considerable demand for goods and services in the form of tourism and cross-border purchases by Argentine residents. Sales to Brazil, on the other hand, fell off. Second, traditional exports also rebounded considerably –after an abrupt drop the previous year– owing to higher wool prices and increased demand for beef. As a result, the total value of exports up to June increased by 8%, recouping the better part of the previous year's losses. Third, imports continued to expand at a rapid pace, by 9% (after having reached 21% in 1991); in that category, purchases of capital goods in the first six months were lower than they had been during the same period the year before, while purchases of consumer goods continued to rise rapidly (60%), accounting for more than one fifth of the total. At the beginning of the second quarter, tariffs went down –to a maximum of 24%– within the framework of the programme aimed at bringing down tariffs to 0%, 10%, 15% and 20% by the end of the year. Headway was also made in complying with the timetable adopted with the other members of the Southern Cone Common Market (MERCOSUR) and the maximum duty on imported goods of MERCOSUR origin was reduced to 11%.

With government accounts and the external sector in virtual equilibrium, economic policy turned to the task of curbing the persistently high rate of inflation. As the public sector does not require domestic credit, the expansion of the money supply was chiefly due to the acquisition of international reserves. Under the current floating exchange rate system, any currency being sold on the market is, of necessity, purchased when the dollar is at its floor rate of exchange. In recent years, the rate of devaluation set by the Central Bank, in an effort to avoid significant

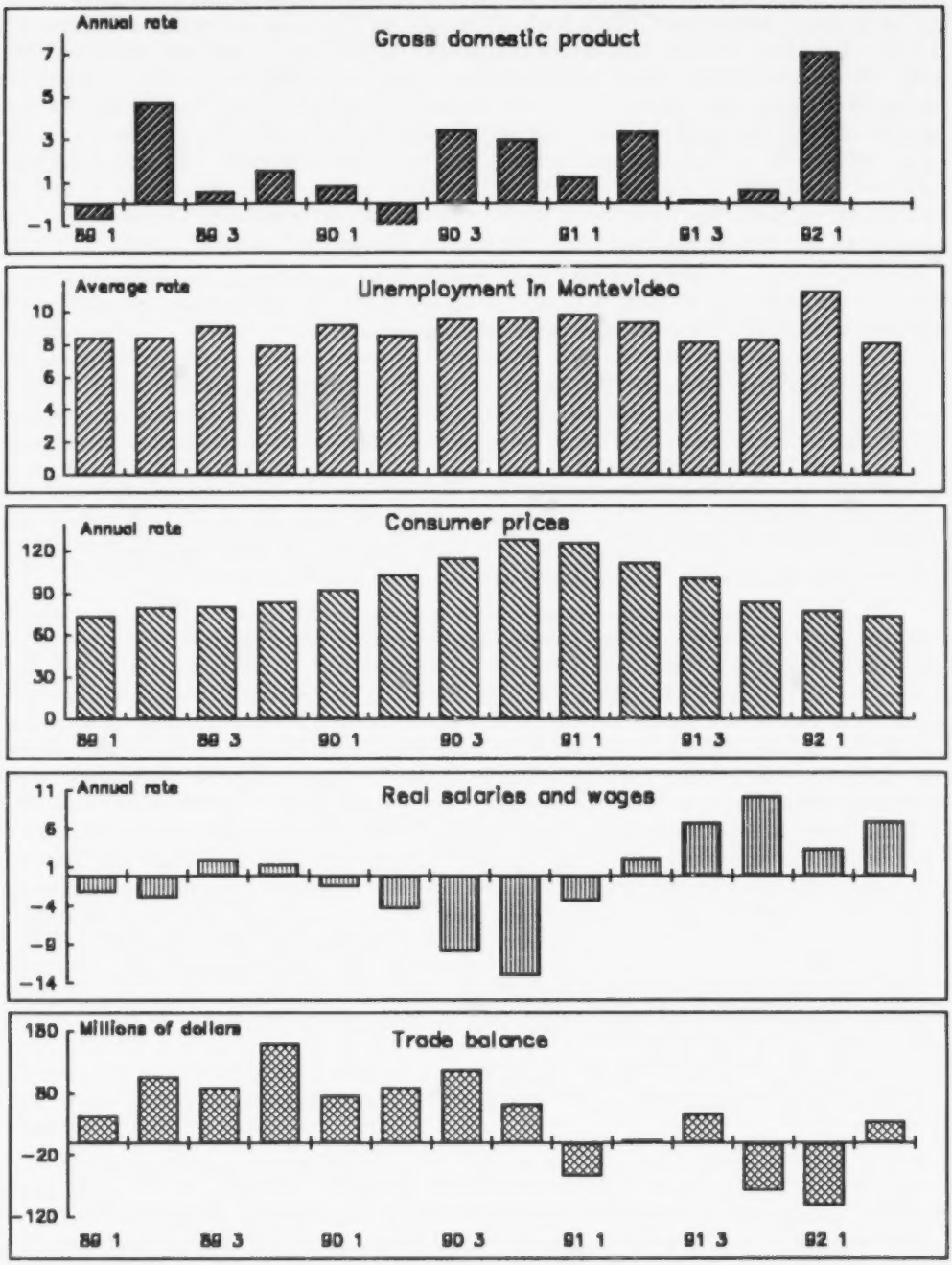
appreciation of the local currency at a time of highly indexed domestic price formation and an abundant supply of foreign exchange, caused a much greater monetary expansion than would have been compatible with targeted rates of price increases; thus, as the international reserves of the monetary authorities (Central Bank of Uruguay and Banco de la República Oriental del Uruguay) swelled, inflation rates remained high. The thrust of anti-inflationary policy in 1992 was to promote a lower devaluation rate, which was used as a nominal "anchor" and benchmark designed to create expectations that the rise in prices would slow down. Thus, in the first six months of 1992, the monthly devaluation rate was reduced to less than 3%; as domestic prices were rising more quickly, the real exchange rate continued to decline. The money supply, however, continued to expand rapidly; in that same period, M_1 expanded at an annual (seasonally adjusted) rate of around 95%. In any case, the rate of inflation slackened, and the annualized rate of price increases in the first eight months of the year stood at 66%.

In the framework of the International Monetary Fund agreement, it was announced that, for the year beginning in April, both the rate of the dollar and other State-regulated prices (government wages and the prices of public-sector goods and services) would rise by less than 40% annually, and by 35% in the case of wages. The same price and wage guidelines were suggested for the private sector. The first few months' experience with this new policy showed that the private sector's expectations concerning the anticipated rate of inflation were higher than the reference points defined by the Government. A fair number of wage contracts signed in the private sector still contained clauses which used the previous rate of inflation as a benchmark; thus, real wages in the first six months (the period in which these guidelines were partially applied) were 5% higher than real wages in the same period the year before. As pensions are determined by what happens to wages in the previous four-month period, retired persons' purchasing power also increased with the rise in their income.

The rise in domestic income, owing to both improved terms of trade and to higher wages and pensions in real terms, and the growth of subregional demand (especially in Argentina) strengthened aggregate demand. In large part, this demand was for purchases abroad, directly related to the increased purchasing power in dollars. It also served to stimulate domestic production, which grew significantly in the first few months of the year. Even when allowing for the fact that the analysis of the available figures was clouded by some seasonal variations, the gross domestic product rose significantly in the first quarter. While the increase was across-the-board, trends in trade intermediation and in other services (government, financial, housing, personal and corporate services and import duties) once again had a significant impact (accounting for more than half of total growth). There were also significant increases in manufacturing –after several years of sluggishness– electric power generation and transport and communication services. Agriculture and construction, meanwhile, experienced moderate growth, while fishing was the only industry to suffer setbacks. Up until May, however, the average unemployment rate was consistently higher than that registered in the same period the year before, and not until June did it fall abruptly; in these circumstances, the average for the first six months (9.6%) was slightly higher than the figure for the previous year.

Figure 1

URUGUAY: QUARTERLY EVOLUTION OF THE MAIN ECONOMIC INDICATORS



Source: ECLAC, on the basis of official figures.

Table 1
URUGUAY: GROSS DOMESTIC PRODUCT
(Percentage variation) [a]

	1991 [b]					1992 [b]
	I	II	III	IV	Year	I
Total	**1.3**	**3.4**	**2.2**	**0.7**	**1.9**	**7.1**
Agriculture	12.7	3.1	-11.9	-0.6	-0.4	2.3
Fishing	25.0	176.1	48.9	-20.7	35.2	-25.8
Manufacturing	0.2	-0.4	-0.4	-1.3	-0.5	5.2
Electricity, gas and water	-3.1	-3.0	34.8	8.3	8.2	16.1
Construction	0.0	7.2	-5.3	-1.0	0.0	3.4
Commerce, restaurants and hotels	4.8	9.6	8.6	3.1	6.3	10.9
Transport and communications [c]	2.1	6.4	2.0	0.8	2.9	8.8
Other [d]	-1.2	3.8	4.2	1.6	2.1	7.5

Source: Central Bank of Uruguay.
[a] With respect to the same period of the preceding year. [b] Provisional figures. [c] Includes storage. [d] Includes fees and commissions charged by financial institutions, and import duties.

Table 2
URUGUAY: UNEMPLOYMENT RATE
(Quarterly averages)

Quarter ending in:	1986	1987	1988	1989	1990	1991	1992
January	10.8	9.0	9.9	8.0	7.7	8.4	8.6
February	11.2	8.9	10.3	7.9	8.3	9.0	9.7
March	12.0	9.8	10.2	8.5	9.3	9.9	11.3
April	12.3	10.2	9.8	8.6	9.4	10.3	10.3
May	12.0	9.9	9.4	9.1	9.6	9.5	9.8
June	10.7	9.1	8.8	8.5	8.6	9.4	8.1
July	11.2	9.1	8.3	9.5	8.5	9.1	
August	11.3	8.7	7.8	8.8	9.7	8.9	
September	10.9	8.9	8.5	9.2	9.6	8.2	
October	10.0	8.3	9.5	8.7	10.7	8.5	
November	9.6	8.8	9.8	8.3	9.9	8.5	
December	9.2	9.4	8.9	8.0	9.7	8.3	

Source: Department of Statistics and Censuses.

Table 3
URUGUAY: PRICE INDEXES
(Percentage variation)

	Consumer price index						Wholesale price index					
	1991			1992			1991			1992		
	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.	Month	Year	12 Ms.
January	7.2	7.2	133.7	5.2	5.2	78.0	7.3	7.3	122.7	4.4	4.4	64.0
February	3.5	11.0	126.3	2.4	7.8	76.2	2.5	10.0	114.1	3.1	7.6	65.0
March	5.0	16.5	118.0	6.5	14.8	78.7	5.7	16.3	104.3	6.4	14.5	66.1
April	3.9	21.0	111.7	4.1	19.6	79.1	1.3	17.7	100.1	1.5	16.2	66.5
May	8.7	31.6	117.9	4.7	25.2	72.5	7.4	26.4	99.9	4.8	21.8	62.4
June	4.3	37.2	107.4	2.7	28.6	69.9	4.8	32.4	93.7	3.5	26.1	60.5
July	4.4	43.3	105.0	4.5	34.3	70.0	4.7	38.6	91.8	4.5	31.8	60.2
August	6.3	52.3	106.4	4.2	40.0	66.5	5.1	45.6	92.6			
September	6.5	62.2	91.6				5.5	53.6	74.1			
October	3.7	68.2	86.6				3.4	58.8	70.3			
November	4.7	76.0	85.5				2.8	63.2	68.1			
December	3.1	81.5	81.5				3.3	68.6	68.6			

Source: Department of Statistics and Censuses.

Table 4
URUGUAY: INDEX OF REAL SALARIES AND WAGES

	Index 1985=100 [a]			Percentage variation					
				1991			1992		
	1990	1991	1992	Month	Year [b]	12 Ms. [c]	Month	Year [b]	12 Ms. [c]
January	109.3	110.4	114.6	6.3	0.9	0.9	4.2	3.9	3.9
February	115.8	109.2	113.4	-1.0	-2.5	-5.7	-1.0	3.8	3.8
March	111.4	105.9	109.0	-3.1	-3.3	-5.0	-3.9	3.5	2.9
April	106.5	102.8	112.6	-2.9	-3.3	-3.4	3.3	5.0	9.5
May	101.5	109.4	113.6	6.4	-1.2	7.8	0.9	4.7	3.8
June	106.7	109.0	117.3	-0.4	-0.7	2.2	3.3	5.2	7.6
July	102.0	106.0		-2.8	-0.1	3.9			
August	98.8	106.3		0.2	0.8	7.6			
September	102.7	112.2		5.6	1.7	9.3			
October	100.0	111.3		-0.8	2.6	11.3			
November	98.2	112.0		0.6	3.6	14.1			
December	103.8	110.0		-1.8	3.8	5.9			

Source: Department of Statistics and Censuses.
[a] Index of nominal salaries and wages deflated by the consumer price index. [b] Variation in average cumulative index as compared to the same period of the preceding year. [c] With respect to the same month of the preceding year.

Table 5
URUGUAY: EXCHANGE RATE

	Average official exchange rate (Pesos per dollar)				Adjusted real exchange rate [a] (Index 1985=100)			
	1989	1990	1991	1992	1989	1990	1991	1992
January	461	833	1 628	2 547	83.5	83.1	73.3	66.0
February	478	881	1 706	2 622	81.6	82.6	74 3	66.6
March	498	935	1 758	2 726	80.0	80.8	73.1	65.4
April	522	1 016	1 842	2 832	80.2	82.2	73.8	65.3
May	548	1 089	1 895	2 932	82.3	83.6	70.0	64.7
June	575	1 150	1 961	3 006	80.4	81.0	69.7	
July	611	1 207	2 031	3 091	80.9	80.8	69.2	
August	644	1 253	2 111		81.8	80.2	67.9	
September	679	1 309	2 194		82.5	73.7	66.6	
October	715	1 364	2 282		81.3	72.5	66.9	
November	751	1 463	2 373		82.3	74.0	66.6	
December	787	1 551	2 450		81.6	74.4	66.7	

Source: ECLAC, on the basis of figures supplied by the Central Bank of Uruguay and the International Monetary Fund, International Financial Statistics.
[a] Index of the nominal exchange rate deflated by the consumer price index and adjusted by the United States wholesale price index.

Table 6
URUGUAY: TRADE BALANCE

	Millions of dollars						Percentage variation [a]			
	Exports FOB		Imports CIF		Trade balance		Exports		Imports	
	Month	Year	Month	Year	Month	Year	Month	Year	Month	Year
1991										
January	68.4	68.4	145.5	145.5	-77.0	-77.0	-24.0	-24.0	60.6	60.6
February	105.7	174.1	107.5	253.0	-1.8	-78.9	5.6	-8.4	-1.2	26.9
March	102.4	276.5	78.4	331.4	24.0	-54.8	-47.7	-28.4	-28.0	7.5
April	157.4	433.9	150.2	481.5	7.2	-47.6	24.7	-15.3	60.4	19.8
May	136.9	570.8	128.2	609.8	8.7	-38.9	3.7	-11.4	45.6	24.4
June	131.9	702.7	143.5	753.3	-11.6	-50.5	2.8	-9.0	24.8	24.5
July	187.1	889.9	141.7	895.0	45.4	-5.2	27.6	-3.2	44.8	27.3
August	154.0	1 043.9	138.8	1 033.9	15.2	10.0	-10.2	-4.3	23.0	26.7
September	132.1	1 176.0	145.4	1 179.3	-13.4	-3.3	-5.4	-4.4	13.1	24.9
October	144.4	1 320.4	151.8	1 331.1	-7.4	-10.8	15.6	-2.6	36.4	26.1
November	125.4	1 445.7	150.1	1 481.2	-24.7	-35.5	-19.8	-4.3	-10.3	21.1
December	95.2	1 540.9	140.8	1 622.0	-45.6	-81.1	-47.5	-9.0	17.3	20.8
1992										
January	71.7	71.7	119.0	119.0	-47.3	-47.3	4.8	4.8	-18.2	-18.2
February	120.2	191.9	157.4	276.4	-37.2	-84.5	13.8	10.2	46.5	9.3
March	127.6	319.5	144.6	421.0	-17.0	-101.5	24.6	15.5	84.4	27.1
April	143.0	462.5	133.8	554.8	9.2	-92.3	-9.2	6.6	-10.9	15.2
May	145.9	608.4	120.7	675.5	25.2	-67.1	6.6	6.6	-5.9	10.8
June	147.0	755.4	146.6	822.1	0.4	-66.7	11.4	7.5	2.1	9.1
July	175.2	930.6	188.2	1 010.3	-13.0	-79.7	9.3	4.6	32.8	12.9

Source: Central Bank of Uruguay.
[a] With respect to the same period of the preceding year.

Table 7
URUGUAY: EXPORT STRUCTURE
(Millions of dollars)

	Traditional exports				Non-traditional exports				Percentage variation [a]			
	1991		1992		1991		1992		1991		1992	
	Month	Year	Month	Year	Month	Year	Month	Year	T	NT	T	NT
January	28.6	28.6	31.5	31.5	36.2	36.2	40.1	40.1	-31.3	-25.2	10.1	10.8
February	38.8	67.4	44.6	76.1	64.7	100.9	75.7	115.8	-18.9	-5.8	12.9	14.8
March	37.6	105.0	53.1	129.2	64.1	165.0	74.4	190.2	-38.6	-23.3	23.0	15.3
April	46.6	151.6	42.5	171.7	110.4	275.4	100.6	290.8	-33.9	-2.6	13.3	5.6
May	41.0	192.6	45.9	217.6	95.5	370.9	100.0	390.8	-31.2	1.8	13.0	5.4
June	40.5	233.1	45.9	263.5	88.9	459.8	101.1	491.9	-29.8	4.4	13.0	7.0
July	54.3	287.4			138.7	598.5			-25.5	12.2		
August	40.5	327.9			111.8	710.3			-25.7	9.4		
September	31.7	359.6			97.7	808.0			-27.1	9.6		
October	32.5	392.1			120.2	928.2			-26.0	12.5		
November	34.6	426.7			90.8	1 019.0			-25.8	8.8		
December	28.7	455.4			66.4	1 085.4			-26.9	1.5		

Source: Central Bank of Uruguay.
Note: T = Traditional exports. NT = Non-traditional exports.
[a] Cumulative figures with respect to the same period of the preceding year.

Table 8
URUGUAY: IMPORT STRUCTURE

	Millions of dollars [a]			Percentage variation [b]		
	Petroleum and petroleum products	Capital goods	Other	Petroleum and petroleum products	Capital goods	Other
1991						
I	68.0	37.2	226.2	56.3	-21.2	4.0
II	110.7	137.2	505.4	20.6	56.8	18.7
III	169.5	202.9	806.8	16.0	64.0	19.6
IV	221.4	266.9	1 133.7	9.5	49.0	17.9
1992						
I	44.4	62.9	313.7	-34.7	69.2	38.7
II	53.5	121.9	646.7	-51.7	-11.2	28.0

Source: Central Bank of Uruguay.
[a] Cumulative figures for the year. [b] With respect to the same period of the preceding year.

Table 9
URUGUAY: NET INTERNATIONAL RESERVES
(Millions of dollars)

	Amount[a][b]				Variation in total reserves[c]			
	Total		Central Bank		Total		Central Bank	
	1991	1992	1991	1992	1991	1992	1991	1992
March	2 580	...	774	827	122	...	-265	1
June	2 816	2 932[d]	760	952	358	231	-279	126
September	2 866		801		408		-238	
December	2 701		826		243		-213	

Source: Central Bank of Uruguay.
[a] Balance at end of period. [b] Gold valued at US$283.04 per troy ounce. [c] With respect to December of the preceding year. [d] May.

Table 10
URUGUAY: FISCAL INDICATORS

	Billions of new Uruguayan pesos[a]						Percentage variation[b]			
							Nominal		Real	
	1991			1992			1992		1992	
	Income	Expen-diture	Balance	Income	Expen-diture	Balance	Income	Expen-diture	Income	Expen-diture
March	737	683	54	1 424	1 252	172.0	93.3	83.4	8.9	3.2
June	1 608	1 488	117	2 929	2 740	189.0	82.2	84.2	3.8	4.9
September	2 535	2 403	132							
December	3 714	3 637	77							

Source: Central Bank of Uruguay.
[a] Cumulative figures. [b] With respect to the same month of the preceding year.

Table 11
URUGUAY: MONETARY AGGREGATES

	M1	DP	M2	DE	M3
	(Billions of new Uruguayan pesos)[a]				
1991					
December	1 403	944	2 347	12 074	14 421
1992					
February	1 425	1 051	2 475	13 226	15 702
April	1 467	1 129	2 596	14 412	17 008
June	1 749	1 236	2 985	15 004	17 989
August					
October					
December					
	(Percentage variation)[b]				
1991					
December	101.7	68.2	86.7	76.7	78.3
1992					
February	108.0	67.9	88.8	67.4	70.4
April	110.2	54.9	81.9	65.5	67.8
June	110.5	57.7	84.8	58.4	62.3
August					

Source: Central Bank of Uruguay.
Note: M1 = Money supply (currency in circulation) plus demand deposits; DP = Time deposits in local currency; M2 = M1 + DP; DE = Deposits in foreign currency; M3 = M2 + DE.
[a] Balance at end of period. [b] With respect to the same month of the preceding year.

VENEZUELA

In the first six months of 1992, the slackening of both foreign and domestic demand crippled the vigorous recovery of the Venezuelan economy's level of activity in the preceding two years, giving rise to expectations that the rate of expansion of GDP for 1992 would amount to only half the 1991 rate. The decline in oil exports caused a drop in the public sector's current revenue, turning its previous fiscal surplus into a mounting deficit. The resulting contraction of public expenditure particularly affected investment, slowing the momentum of domestic demand, which in recent years had contributed decisively to the rebound in the level of activity. However, the recovery of oil prices in world markets during the second quarter could forestall a more pronounced downturn in domestic economic activity. Inflation, for its part, increased slightly, to 33% a year, while the balance on current account showed an unmistakable deterioration as the preceding year's surplus slid into a deficit.

Economic expectations darkened with the worsening of the political crisis triggered by the attempted *coup d'état* in February. Faced with a growing fiscal imbalance, the authorities sought to reintroduce the adjustment programme which had suffered a de facto postponement in the second half of 1990 when, as a result of the Persian Gulf crisis, oil revenues had risen at a spectacular rate. Budget cuts were announced in the initial months of the year, on the order of 8% in the central Government's expenditures and 13% in the outlays of the State enterprise Petróleos de Venezuela (PDVSA). In addition, the Government proposed wide-ranging tax reforms, including the imposition of new taxes, which are currently in the final stages of being approved by Congress. However, the application of some aspects of the adjustment programme has been delayed: in view of the social unrest prevailing around the middle of the year, the authorities suspended the planned increases in the prices of kerosene, gasoline and some commodities which form an important part of the basket of basic consumer goods of broad segments of the population.

The structural reform process moved forward. However, the privatization programme lost momentum, as only four enterprises were transferred to the private sector bringing in US$18 million whereas in 1991 privatizations had yielded US$2.3 billion from the sale of the telephone company, the airline VIASA and a number of banking institutions. In March, the free-trade agreement with Colombia went into effect, intensifying trade and competition between the two neighbouring countries.

In the first quarter, GDP reached a level nearly 13% higher than in the same period the preceding year, but this dynamism soon faltered (5% in the second quarter) owing to cuts in PDVSA investment programmes, postponements of so-called "megaprojects", caution on the part of investors, public spending cuts and the application of a contractionary monetary policy. If the current situation remains unchanged, growth for the year as a whole can be expected to approximate 4% to 5%. The upswing observed in the first quarter was mainly attributable to a notable increase in the private sector's level of activity; the public sector, excluding the oil industry, grew only slightly. In turn, the oil industry's activity fell by about 5% because of agreed cuts in OPEC export quotas and the adverse conditions prevailing in the international hydrocarbon market in the initial months of the year. Private-sector expansion was concentrated in manufacturing, construction and services for the distribution of goods (commerce and freight transport).

The labour market appeared somewhat healthier than in the second half of 1991. The rate of open unemployment fell from 8.7% to 8.2%, while some 200 000 new jobs were created, most of which were in the private sector. Construction, merchandise distribution services and manufacturing were the activities that contributed most to the

boost in employment. It is estimated that employment in the informal sector also took a slight upturn.

The average monthly consumer price variation for the first eight months of the year (2.5%) was higher than in the same period in 1991. This stubbornness on the part of inflation was a consequence of swelling domestic demand and the high level of liquidity recorded in the initial months of the year. Countering such pressures, on the other hand, were the increased supply and lower prices of imported goods as a result of the trade liberalization programme and the low rate of devaluation. This difficulty in curbing inflation suggests the existence of a powerful inertial component, linked to the rapid expansion of indexing mechanisms.

The current account of the balance of payments ran a deficit, in contrast to the surplus of about US$2 billion recorded in the first half of 1991. This deterioration stemmed primarily from the drastic reduction of the positive figure for the balance of goods, owing to the drop in oil exports (of over US$1 billion) and the 25% increase in the value of imports. The downturn in foreign oil sales (-19%) was caused by a 15% decrease in their unit value, which was a somewhat delayed reflection of the fall of international prices, and by a 4% decrease in shipments. Non-oil exports, in turn, stagnated following the contraction of the preceding year. The steeper decline in the real exchange rate, along with tariff reductions, led to a substantial increase in imports. International reserves, for their part, shrank by about US$600 million in the first six months after having grown significantly in the preceding two years, though they remained at a very high level (over US$13 billion).

Because of the decline in oil revenues, the central Government's accounts ran a deficit in the first half of the year, equivalent to one fifth of total expenditure. Non-oil revenues rose, notably in the case of import duties collected, which increased 70%. Also in deficit was the financial management of the consolidated public sector, as the poor performance of the central Government's finances was compounded by that of PDVSA owing to the gap between the per-barrel export price and the budgeted price, notwithstanding the cuts made in the enterprise's budgeted expenditure.

The monetary base contracted 4% between January and July, despite the upsurge in credit extended to the Government. In July, liquidity was 2% higher than in December 1991, but while money in circulation had grown, near-money had dwindled. Interest rates on deposits continued to climb, reaching 36% a year in May, which was nearly 7% higher than the January level. Expectations of inflation influenced this pattern, as did the financial system's efforts to minimize sudden changes in the level of deposits.

The Caracas stock exchange manifested a downward trend in 1992, following its upswing of the preceding year. The share price index in May was 24% lower than the peak it had reached in January, while the amount traded dropped to one fifth of the January figure.

Table 1
VENEZUELA: REAL GROSS DOMESTIC PRODUCT
(Percentage variation) [a]

	1991					1992	
	I	II	III	IV	Year	I	II
Gross domestic product	9.8	11.5	12.2	8.2	10.4	12.5	5.1

Source: Central Bank of Venezuela.
[a] On the basis of figures at constant 1984 prices, with respect to the same period of the preceding year.

Table 2
VENEZUELA: PETROLEUM PRODUCTION AND EXPORTS

	Production [a]		Exports		
	Crude oil [b]	Petroleum products	Volume [a]	Price [c]	Income [d]
1990	2 135	916	1 883	20.33	1 163
1991	2 375	1 098	2 117	15.95	1 012
I	2 387	1 099	2 057	18.35	1 132
II	2 337	1 144	2 068	15.05	934
III	2 371	1 079	2 051	15.08	928
IV	2 407	1 070	2 293	15.31	1 053
1992					
I	2 277	1 042	2 062	12.62	780
II	2 319	974	1 914	15.67	900

Source: SELA, on the basis of figures supplied by the Central Bank of Venezuela.
[a] Thousands of barrels per day. [b] Includes condensates. [c] Dollars, average price per barrel for total exports (crude oil and petroleum products).
[d] Millions of dollars. Monthly average.

Table 3
VENEZUELA: INDICATORS OF ECONOMIC ACTIVITY
(Monthly averages)

	1990	1991					1992		
		I	II	III	IV	Year	I	II	I + II
Iron ore production [a]	1 694	1 674	1 800	1 726	1 872	1 768	1 822	1 466	1 644
Aluminium production [a]	50	48	50	50	50	50	48	46	47
Steel production [a]	224	216	217	208	212	213	230	227	229
Petrochemical production [a]	186	172	174	239	203	197	187	159	173
Fertilizer production [a]	82	72	73	109	91	88	90	62	71
Cement shipments [b]	8 328	8 004	9 966	8 782	8 456	8 802	8 348	8 681	8 515
Tire production [c]	329	354	403	431	407	399	...	...	...
Automobile sales	3 440	4 550	6 360	6 490	6 160	5 890	...	...	...

Source: SELA, on the basis of figures from the Ministry of Energy and Mines.
[a] Thousands of tons. [b] Thousands of 60-kilo bags. [c] Thousands of units.

Table 4
VENEZUELA: CONSUMER PRICE INDEX
(Percentage variation) [a]

	1990			1991			1992		
	Month	Year	12 months	Month	Year	12 months	Month	Year	12 months
January	2.4	2.4	83.2	2.5	2.5	36.6	1.3	1.3	29.5
February	1.9	4.3	81.1	1.7	4.2	36.4	2.7	4.0	30.7
March	1.8	6.2	52.0	1.7	6.0	36.2	2.2	6.3	31.4
April	2.6	9.0	37.4	2.8	9.0	36.5	2.2	8.7	30.6
May	2.5	11.7	32.4	2.4	11.6	36.4	2.5	11.4	30.7
June	2.8	14.8	31.8	1.9	13.7	35.2	2.7	14.4	32.0
July	3.9	19.3	33.7	3.1	17.2	34.1	3.7	18.6	32.8
August	3.2	23.0	35.0	2.3	19.9	33.0	2.7	21.8	33.3
September	1.5	24.9	32.7	1.9	22.0	33.5			
October	2.6	28.2	32.2	2.2	24.7	32.7			
November	2.9	31.9	34.2	2.6	28.0	32.4			
December	3.5	36.5	36.5	2.4	31.0	31.0			

Source: BCLAC, on the basis of figures from the Central Bank of Venezuela.
[a] In the Caracas metropolitan area.

Table 5
VENEZUELA: CENTRAL BANK FOREIGN EXCHANGE INFLOWS AND OUTFLOWS
(Millions of dollars)

	Inflows			Outflows				Balance
	Petróleos de Venezuela S.A.	Other[a]	Total	External debt		Other[b]	Total	
				Public	Private			
1990	16 090	5 226	21 316	4 009	45	13 050	17 104	4 212
1991	18 404	6 171	24 575	2 367	46	20 692	23 105	1 470
I	4 525	1 448	5 973	286	1	5 076	5 363	610
II	4 192	1 364	5 556	1 103	4	4 472	5 579	-23
III	4 848	652	5 500	317	29	4 687	5 033	467
IV	4 839	2 707	7 546	661	12	6 457	7 130	416
1992								
I	4 816	1 554	6 370	427	3	6 529	6 959	-589
II	4 432	492	4 924	635	4	4 302	4 941	-17

Source: BCLAC, on the basis of data supplied by the Central Bank of Venezuela.
[a] Includes receipts from the Venezuelan Investment Fund and short-term financing received by the Central Bank. [b] Includes imports of goods and services, foreign exchange expenditure of Petróleos de Venezuela S.A. and agreements, and Central Bank sales of foreign exchange on the free market.

Table 6
VENEZUELA: GROSS INTERNATIONAL RESERVES [a]
(Millions of dollars)

At the end of:	1989	1990	1991	1992
March	6 794	7 481	12 316	13 409
June	6 464	7 959	12 253	13 490
September	7 061	8 483	12 777	
December	7 546	11 759	14 105	

Source: BCLAC, on the basis of data supplied by the Central Bank of Venezuela and the International Monetary Fund.
[a] Does not include reserves of the Venezuelan Investment Fund.

Table 7

VENEZUELA: FLOATING EXCHANGE RATE [a]

(Bolívares per dollar)

	1988	1989	1990	1991	1992
January	30.0	37.4	43.4	51.8	62.0
February	29.7	38.9	42.8	53.6	63.8
March	29.7	36.0	43.2	54.2	65.5
April	29.4	37.5	44.8	54.7	65.1
May	31.7	38.2	46.1	55.2	65.4
June	33.2	37.2	46.0	55.5	66.0
July	36.2	36.8	49.2	57.9	67.1
August	36.4	38.0	49.0	59.5	
September	37.0	38.7	48.7	59.4	
October	36.7	42.9	49.0	60.0	
November	37.3	44.5	50.1	60.2	
December	39.3	43.0	50.5	61.2	

Source: BCLAC, on the basis of data supplied by the Central Bank of Venezuela.

Table 8

VENEZUELA: MONETARY AGGREGATES

(Percentage variation)

	Monetary base						Liquidity (M2)					
	1990		1991		1992		1990		1991		1992	
	Month	12 Ms.	Month	12 Ms.	Month	12 Ms.	Month	12 Ms.	Month	12 Ms.	Month	12 Ms.
January	-7.6	22.3	-13.9	70.0	-8.4	95.6	1.3	38.1	-1.4	56.7	-2.5	47.9
February	9.3	29.5	5.4	63.8	-1.6	82.6	3.7	40.6	2.7	55.2	-1.6	41.5
March	4.0	44.8	5.3	65.8	-1.2	71.4	5.3	48.6	3.9	53.1	0.6	37.1
April	8.9	62.5	9.1	66.1	2.8	61.6	2.1	55.4	3.1	54.5	0.4	33.6
May	1.7	59.8	9.4	78.7	3.4	52.7	1.1	53.2	4.8	60.1	2.9	31.2
June	2.8	73.2	14.3	98.7	1.3	35.3	2.0	52.9	6.0	66.3	2.2	26.5
July	5.9	73.6	1.6	90.6	0.2	33.4	3.0	51.5	2.2	65.0	0.4	24.4
August	5.1	74.9	11.1	101.4			6.8	55.2	4.5	61.4		
September	14.9	84.1	3.4	81.3			5.2	57.7	2.4	57.2		
October	-4.1	76.5	-0.2	80.6			4.2	56.8	1.7	53.4		
November	7.8	81.3	21.0	111.6			6.4	58.5	6.6	52.3		
December	15.2	82.3	0.1	83.8			7.6	60.9	4.7	49.5		

Source: BCLAC, on the basis of data supplied by the Central Bank of Venezuela.

Table 9

VENEZUELA: CENTRAL GOVERNMENT INCOME AND EXPENDITURE

(Billions of bolívares)

	Income	Expenditure	Balance	Financing		Balance of reserves [b]
				Net credit	Variation in reserves [a]	
1990						
I	111.5	123.2	-11.8	-0.6	12.4	29.0
II	98.8	94.8	3.9	-2.2	-1.7	30.7
III	110.1	119.1	-9.0	30.9	-21.9	52.6
IV	193.3	163.8	29.5	0.6	-30.1	82.7
1991						
I	119.2	130.0	-10.8	-32.5	43.3	39.4
II	201.6	215.0	-13.4	-4.3	17.7	21.7
III	177.9	142.1	35.8	14.3	-50.1	71.8
IV	196.5	192.0	4.5	48.2	-52.7	124.5
1992						
I	129.6	175.3	-45.7	20.0	25.7	98.9
II	181.0	215.8	-34.8	-5.1	39.9	58.9

Source: BCLAC, on the basis of data supplied by the Central Bank of Venezuela.

[a] The minus (-) sign represents an increase. Does not include adjustments. [b] Balance at end of period.

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